ELEMENTS OF SOCIALISM

SPARGO AND ARNER

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Elements of Socialism

A TEXT-BOOK

BY

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PART I

SOCIALISM AS CRITICISM

CHAPTER I

INTRODUCTION

Beginning of the Socialist movement: In the early part of the nineteenth century, that splendid century of progress in science and invention, of capitalistic expansion, philosophic individualism, and economic *laissez faire,* arose the deep-seated and far-reaching popular movement which we call Socialism. Like every other great movement in history, it was at first weak and insignificant. It consisted of little more than a vague groping for a way of escape from the evils of the time. Its adherents were for the most part poor men without influence, victims of poverty and oppression, led by a few idealists. Thus, it was not essentially different from the movements of protest which in all ages have challenged and assailed recognized injustice.

But the new movement soon passed out of this stage of its development, and became a conscious, disciplined force with its positive and negative sides well defined. The rapidly growing industrial system gave a great impetus to science. The principle of universal evolution and the methods of science profoundly influenced every department of human thought and activity in the leading countries of the world. Under that influence Socialism took shape as a powerful force aiming at the destruction of an economic system in which a few are enabled to appropriate most of the advantages of industrial effort and progress, and at the development of a new economic system based upon coöperation, democracy and justice, and insuring equality of opportunity to all.

Importance of the movement: In spite of ridicule, ostracism and bitter persecution the Socialist movement has made phenomenal progress. Its representatives are to be found in the parliaments of all the leading nations. The political strength of the movement is indicated by the fact that nearly

ten million votes are cast for its parliamentary representatives throughout the world. Of course, the movement is much stronger numerically than even these figures indicate. Making due allowance for the fact that in most countries women do not enjoy the parliamentary franchise, and the further fact that in many countries a large part of the adult male population is also excluded from the right of the franchise by property and other restrictive qualifications, it is probably a conservative estimate that forty million adults are Socialists and would vote for Socialist representatives if they could.

Obviously, such a movement demands and deserves serious and candid investigation and study. To be effectively and efficiently supported if good and wise it must be understood. To be effectively and efficiently opposed if evil and unwise it must likewise be understood. An understanding of the principles of Socialism, of the aims and methods of the movement, has become an essential condition of intelligent citizenship. The wilful and ignorant misrepresentation of Socialism in which many of its opponents have indulged is not only powerless to check the progress of the movement, but extremely dangerous. Nothing is more dangerous in a democracy than appealing to prejudice in the discussion of matters of this kind.

Difficulties of definition: It is not an easy matter to formulate a satisfactory definition of Socialism. The task has been attempted by numerous writers, friendly and otherwise. That the definitions of Socialism by its advocates differ considerably from each other has been made the basis of much rather unreasonable criticism. A definition is simply a brief explanation of the thing defined. When the thing to be defined is at once a comprehensive criticism of society, a philosophy interpreting the social conditions and institutions criticised, a forecast of the future development of society, and a movement with a program based upon these and intended to remove the evils complained of and to bring about the social ideal forecasted, definition is necessarily very difficult and hazardous.

That the definition of one man should over-emphasize the critical aspect of Socialism, that of another its philosophical basis, that of a third its forecast and that of yet another its program is inevitable. The cheap sneer that there are

"fifty-seven varieties of Socialism" is an exceedingly petty criticism. We must bear in mind that difference in definitions is by no means the same thing as contradiction. It is safe to say that the recognized leaders of Socialist thought have defined Socialism with quite as large a degree of unanimity and as small a degree of antagonism as have been shown by the recognized leaders of any department of thought, if we omit those relating to and conditioned by the exact sciences.

Provisional definition: As we have already intimated, Socialism may be conveniently divided into four parts. No study of Socialism can be satisfactory, no definition of it can be complete, which does not consider it as (1) a criticism of existing society; (2) a philosophy of social evolution; (3) a social forecast or ideal; (4) a movement for the attainment of the ideal.

As a provisional definition, then, we may accept the following: Socialism is a criticism of existing society which attributes most of the poverty, vice, crime and other social evils of today to the fact that, through the private or class ownership of the social forces of production and exchange, the actual producers of wealth are exploited by a class of non-producers; a theory of social evolution according to which the rate and direction of social evolution are mainly determined by the development of the economic factors of production, distribution and exchange; a social forecast that the next epoch in the evolution of society will be distinguished by the social ownership and control of the principal agencies of production and exchange, and by an equalization of opportunity as a result of this socialization; a movement, primarily consisting of members of the wealth-producing class, which seeks to control all the powers of the State and to bring about the collective ownership and control of the principal means of production and exchange, in order that poverty, class antagonisms, vice and other ill results of the existing social system may be abolished, and that a new and better social system may be attained.

SUMMARY

1. Socialism arose as a movement of protest, and through the acceptance of the principle of evolution became a conscious, disciplined force with a definite aim.

2. Politically, Socialism is represented by a great international party with nearly 10,000,000 voters and 40,000,000 adult sympathizers.

3. Socialism must be considered as a criticism of existing society, as a philosophy of social evolution, as a social forecast or ideal, and as a movement for the attainment of the ideal.

QUESTIONS

1. In what way has science influenced the character of Socialism?
2. What is the chief aim of the Socialist movement?
3. Give a provisional definition of Socialism.

CHAPTER II

CAPITALIST SOCIETY

I

Point of view in Socialist criticism: The Socialist criticism of society is essentially constructive and impersonal. This is not always apparent to the casual reader of, or listener to a popular presentation of Socialism, but if the speaker or writer is really representative of Socialism at its best his criticisms of institutions are directed toward the determining economic conditions and their consequences, and his criticism of men has for its purpose the desire to give concrete examples of types and classes as they are affected by economic conditions. Karl Marx makes this perfectly clear in the preface to the first volume of *Capital*.[1]

This criticism, moreover, has always the transformation of society through changes in the basic economic conditions as its motive. This assumption of the fundamental economic basis of society and social institutions is essential to Socialism. As we shall see later in our study, psychological and other factors in social evolution are not excluded. They are simply regarded as subordinate to the economic factors.

Socialism and decadent institutions: Socialists do not devote much attention to the criticism of unimportant or decadent institutions. Attempts to direct Socialist attacks to the surviving remnants of feudal society have largely

"I paint the capitalist and landlord in no sense *couleur de rose*. But here individuals are dealt with only in so far as they are the personifications of economic categories, embodiments of particular class-relations and class-interests. My standpoint, from which the evolution of the economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations whose creature he socially remains, however much he may subjectively raise himself above them."—Karl Marx, *Capital*, vol. I, p. 15, American edition.

failed for the reason that the Socialists are interested in and mainly concerned with the vital power of Capitalism. Both in Germany and England, for example, all efforts to induce the Socialists to direct special attacks against the institution of monarchy have failed. At the International Socialist Congress at Amsterdam, in 1904, M. Jean Jaurès, the French Socialist leader, boasted of the fact that France had long been a republic and rebuked the German Social Democrats for acquiescing in the continuance of the monarchy. He was replied to by Herr Bebel to the effect that, while the German Social Democrats desired a republic they would not make it a special issue, because it was not worth while. So long as the capitalist state exists, whether its form be monarchical or republican, its power will be used to defend the privileges and powers of the capitalist class. Therefore, the abolition of the capitalist system itself is the really important goal.

The capitalist class: With the final overthrow of feudalism and the aristocracy of birth by the victorious middle class at the time of the French Revolution the foundation was already laid for a new aristocracy of wealth. The invention of power machinery and the consequent concentration of industry in factories, made individual ownership of the instruments of production by the workers themselves an impossibility. Those producers who were first to take advantage of the new methods, or who had the greatest advantages in such important matters as power, markets, labor supply or raw materials, soon became the sole owners of industry. Thus was established a new class whose members, like the great land-owners, have been able to draw a perpetual income from industry, even when performing no directive labor.

It is true that many members of this class perform a high grade of labor, as managers, for which they are liberally paid, but the greater part of their income is the direct or indirect result of ownership of the means of production and is not in any sense in proportion either to need or to ability. Those persons, then, whose income is wholly or principally derived from the labor of others as a result of their ownership of the means of production constitute what the Socialist knows as the Capitalist Class.

The proletariat: The concentration of the ownership of the means of production, and the growth of cities and factory towns, transformed the journeyman of handicraft industry and the peasant of feudalism into the propertyless wage-worker of modern industry. With no control over his means of livelihood, he is obliged to accept the current rate of wages for the kind of labor he performs, pay for the goods he consumes a price which is set by conditions over which he has no control, and live wherever the capitalist *entrepreneur* may locate his factory.

In the early days of the capitalist system, class lines were loosely drawn and it was possible for a man of ability to rise from the working class to the capitalist class. But as the system becomes more rigid and more complex the passing of a proletarian into the capitalist class becomes all but impossible. He may leave his class in spirit and become a retainer of the capitalist class, but generally, and unless specially favored, he remains in fact a proletarian.

Who constitute the proletariat? The proletariat properly includes not only factory workers and day laborers, but clerks in business houses and salesmen in mercantile establishments. The farm laborer in Europe is still a feudal peasant to a very large extent, but in America, so far as he is not the son or heir of a middle-class farmer, the farm laborer is essentially a proletarian. The word "proletariat" is of Roman origin. In ancient Rome it was applied to a large class of free citizens without property or certain means of existence. The modern technical meaning of the word connotes the class of workers who do not own the tools and implements of their calling, the wage-working class in general. In common usage, however, the word is used to describe the entire class of workers who own no property.

Wage slavery: Socialists frequently speak of the condition of the proletariat under Capitalism as "Wage Slavery." This term is sometimes objected to on the ground that the worker is free to give up his job and move from place to place at will. He is thus in a very different position from that of the chattel slave of antiquity, or even that of the feudal serf.

The Socialist replies that while the worker is theoretically free he is in fact enslaved; that while the law does not

enforce wage slavery, it is enforced by conditions more effectually coercive than statutes could be. There is always an army of unemployed ready to take the jobs that the discontented may vacate, and the choice that confronts the worker is usually a choice between holding his job or falling to poverty or even pauperism. If he moves from one factory to another, he only changes masters, still working under the same general conditions. The average worker cannot hope to find relief in private business enterprises. The risk is too precarious, for the majority of small business enterprises fail.

Except in rare cases, agricultural employment offers no way of escape to the factory worker. The wages of farm laborers are generally far lower than those of industrial laborers and for one accustomed to city life the loneliness of the country is often intolerable. The farmer who prospers must combine a high degree of specialized technical skill with good business ability, and these things the factory-trained worker lacks and cannot easily learn. The farm offers no solution. The term "wage slavery" is therefore hardly an exaggeration.

Herbert Spencer on wage slavery: That the system of wage-labor is a form of slavery is sometimes contended by opponents of Socialism as stoutly as by the Socialists themselves. Herbert Spencer, for example, argues this with as much earnestness and force as any Socialist writer. He says: "The wage-earning factory-hand does, indeed, exemplify entirely free labor, in so far that, making contracts at will and able to break them after short notice, he is free to engage with whomsoever he pleases and where he pleases. But this liberty amounts in practice to little more than the ability to exchange one slavery for another; since, fit only for his particular occupation, he has rarely an opportunity of doing anything more than decide in what mill he will pass the greater part of his dreary days. The coercion of circumstances often bears more hardly on him than the coercion of the master does on one in bondage." [1]

The middle class: Between the true capitalist class and the true proletariat stands a somewhat indefinite middle class, composed of small capitalists, professional men, salaried

[1] Herbert Spencer, *The Principles of Sociology*, vol. III, p. 525.

or semi-independent business men and land-owning farmers. The lines of demarkation between the middle class and the classes on either side of it are not always clearly distinguishable, but the types of the three classes can be distinguished. The middle class has not the fixed characteristics of the other two. Its members are usually either striving to reach the capitalist class or struggling desperately to avoid sinking into the proletarian class. The small business man sees his business absorbed into a combination and becomes himself either a salaried employee or a wage-worker. The small capitalists seem to be increasing in number, but their influence in the management of industry is diminishing.

Pride of property usually makes the small business man an ally of the true capitalist class, although there are many examples of adherence to the cause of the proletariat by members of that group. The professional man is becoming increasingly dependent upon the capitalist class for support and is usually conservative, although large numbers of professional men and women sympathize with the proletariat and many become active leaders in proletarian movements. The proportion of farmers owning their land is steadily diminishing[1] and the farmer is becoming more and more dependent upon capitalist agencies for the marketing of his product. These facts are forcing large numbers of farmers into sympathetic relations with the proletariat.

TABLE I

CHANGES IN FARM TENURE IN THE UNITED STATES[2]

YEAR.	Total Number of Farms.	Number of Farms Operated by			Per Cent. of Farms Operated by		
		Owners.	Cash Tenants.	Share Tenants.	Owners.	Cash Tenants.	Share Tenants.
1900...	5,739,657	3,713,371	752,920	1,273,366	64.7	13.1	22.2
1890...	4,564,641	3,269,728	454,659	840,254	71.6	10.0	18.4
1880...	4,008,907	2,984,306	322,357	702,244	74.5	8.0	17.5

[1] See Table, *Changes in Farm Tenure in the United States.*

[2] *U. S. Census Reports, 1900,* Vol. V, p. lxxvii.

When Marx predicted the more or less rapid extinction of the middle class he referred primarily to the class of petty manufacturers and merchants. It is evident that, so far from becoming extinct, this class has numerically increased. This increase is probably accounted for in part by the fact that economic pressure forces large numbers of wage-workers into the lower ranks of the middle class, most of whom fail and fall back into the proletariat after a brief struggle. This movement is always going on. Wage-workers who find it impossible to secure employment take their small savings and attempt to make a living in the petty retail trades, most of them failing and sinking into a worse condition than that from which they hoped to escape. The same may be said of thousands of wage-earners too old for work, or incapacitated by disease or accident. Those who do not utterly fail may be roughly divided into three groups: (1) those who eke out a scanty living rarely or never superior to that of the wage-earning proletariat; (2) those who cease to do business on their own account and become salaried employees, as agents and managers for large corporations; (3) those whose business establishments are absorbed by large concerns and who become small stockholders.

Industrial organization: The magnitude of modern industrial enterprises, and the great amounts of capital necessary for their establishment and operation, make individual ownership impossible as a general rule. Individual capitals must be combined. The simplest form of combination in ownership is the partnership in which two or more capitalists agree to engage in an enterprise together and share in the profits in proportion to the capital which each has contributed. If, however, these capitalists apply to the State and receive a charter entitling them to act as a business unit they acquire, as a corporation, a new status. They not only have all the advantages of combined capital, but the additional advantages of perpetual life, limited liability, flexibility of organization and concentration of power. Membership in the corporation consists simply in the ownership of stock, which can be freely bought and sold.

These advantages have made the corporation the characteristic form of industrial organization under capitalism, and the result has been the development of a distinct indus-

trial State within the political State. And by virtue of its control of the means of livelihood the industrial State is the more powerful and largely controls the political organization of society. And, while since the eighteenth century the forms of the political State have become more democratic, the industrial State remains in the hands of the few. It is not even an aristocracy, the rule of the best, but a plutocracy, the rule of the richest.

Gains under capitalism: While capitalism has brought with it many evils which were relatively unknown in the earlier stages of industrial evolution, it is at the same time a distinct forward step. Contrary to a very common impression, recognition of this fact is inherent in the philosophy of Socialism. Few apologists of capitalism have more clearly perceived, or more eloquently described the immense benefits, both material and spiritual, of the capitalist era than Karl Marx himself.[1]

Machinery has increased the productivity of labor many fold. While the most apparent benefits of this gain have gone to the capitalists, still the workers have made real and substantial progress. The proletarian is still propertyless, but he consumes more goods, of greater variety and better quality, than did his ancestors of the journeyman and peasant classes. The proletarian in Western Europe and America is better educated than the feudal gentleman. He is rapidly becoming emancipated from superstition and freed from intellectual and spiritual bondage. Travel has been cheapened beyond all dreams of a century ago. Famine and pestilence are almost unknown. Disease has been so checked that the average length of life is greater by fifteen years than before the industrial revolution. Wars have become less frequent and the nations of the world are closer together than ever before.

II

Relative vs. absolute well-being: While it is true that in an absolute sense the working classes are better off, there has been a relative loss. A far larger share of the total product of industry is now taken in the form of rent, interest

[1] See, e. g., *The Communist Manifesto,* Part I.

and profits than ever before, and the classes in society who gain their income from such sources are growing in wealth and power more rapidly than are the working classes. The essential thing is not income but property. Vested interests, property rights, special privileges, rule the world and make democracy impossible. To be a well-fed slave is not a high ambition, and unless the workingman can gain in independence, self-respect and a sense of responsibility no superficial reform will carry with it much enduring satisfaction, no government and no social order can be stable. But even so far as these superficial things go, capitalistic society does not give to the proletariat its share of the benefits of progress.

Wages: The compensation of the producer under capitalism is determined neither by his needs, nor by the value of the product that he gives to society. Laboring power is a commodity that is bought and sold on the market, and the price of which at any given time is determined by the laws of supply and demand. In the long run, the wages of any given class of labor equals its cost of production. Thus labor becomes as impersonal as so much steam or water power, and is placed on the same level with capital and land as one of the three factors in production in the currently accepted economic theory.

The "iron law of wages": The statement of the law of wages by some Socialists in Lassalle's phrase, "the iron law of wages," needs some qualification. According to this theory, wages can never permanently rise above the requirements of a bare subsistence, for if they should so rise the number of children would increase, thus increasing the supply of labor and drawing the wage back to the bare subsistence level. This theory has been disproved by experience, for as a matter of fact wages have permanently risen. Both nominal wages, or wages expressed in money, and real wages, or the sum of satisfaction that the laborer is able to enjoy as the result of his labor, have materially increased within fifty years and increased even more in the preceding fifty years.

It frequently happens that the workers in one town receive higher wages and enjoy a higher standard of living than workers in another town who do exactly the same kind of work. The peculiar circumstances attending the indus-

trial development in various localities exert a greater influence upon the standards of living than is commonly recognized. As an illustration: In one town the woolen industry was first established by English workers accustomed to a relatively high standard of living, and in another town by Belgians accustomed to a relatively low standard of living. In course of time, through the migration of workers and other causes, these characteristics disappear and in both towns the industry is carried on by a cosmopolitan industrial population. But the standards of living are not equalized. Wages, both nominal and real wages, continue to be higher in the former town than in the latter. In other words, there are local standards of living established by local usage and tradition.

The standard of life: The principal fallacy in the "iron law of wages" in its extreme form is that the changing standard of life is not taken into account. The gains in the wage scale which are attained from time to time are not all absorbed in larger families, but a large part, and often the whole, of the gains go toward a greater abundance of material goods, education and recreation. As a matter of fact, the theory that any substantial increase of wages will lead to an increase in the size of families is absolutely untenable. From the time of Adam Smith it has been recognized that low wages, extreme poverty and large families go together.[1] No single fact concerning population is better established than that the fecundity of the poorer classes is always greater than that of the well-to-do classes. In all countries the wealthiest classes are most infertile.[2]

The number and character of the wants, the satisfaction of which appear to a man as necessary, constitute his standard of life. The typical wage will, in the long run, be just sufficient to maintain this standard and provide for the reproduction of labor. At any given time and place the wage may be higher or lower than the type. In the first case there will be expenditures for luxuries and a tendency toward a higher standard of life; in the second there will be poverty with occasional or chronic pauperism, and a tendency

[1] Cf., *The Wealth of Nations*, vol. I, ch. viii.

[2] This subject is discussed at length in *The Common Sense of the Milk Question*, by John Spargo.

toward a lower standard of life. Taking the Western world as a whole the standard of life of the proletariat has steadily risen. This is not usually apparent from year to year, but from generation to generation the gain is clearly marked. It is particularly obvious as between the first and second generations of European immigrants in the United States.

This fact of the rising standard of living, far from being an argument for a continuance of the present system, is the one thing that makes industrial democracy possible, necessary and inevitable. It is a demonstrable fact that the higher the standard of life the greater will be the resistance offered to any lowering of that standard. A people with a low standard of living can be exploited, robbed, bullied, and even murdered in cold blood, without offering effective resistance. The Russian *moujiks* splendidly illustrate this fact. A people with a high standard of living, on the other hand, are jealous of their rights and quick to see and resent any infringement of them.

The standard of life everywhere tends to rise. There are always unsatisfied wants just beyond the necessities of life which will be satisfied at every opportunity. As soon as the satisfaction of a want becomes habitual it becomes a part of the standard of life. Imitation has a great deal to do with this tendency to raise the standard of living. Where approximate equality in wealth prevails and men rarely come into direct contact with those whose standard of life is higher than theirs, the advance is slight and simply follows the increase of income. But where differences in wealth are great, the highest standard becomes the model which all strive to copy. Rich women set fashions which factory girls feel they must follow. Expecially is this true where a democratic philosophy has been preached, and where there is a tradition of those who have successfully crossed class barriers. In such a community there will be vigorous resistance, not only to a lowering of the standard of life, but to any interference with the rising of the standard, either by law or by economic exploitation.

Economic pressure and resistance: In the earlier stages of social evolution it was the limitations of the physical environment which pressed upon the individual and prevented the full satisfaction of his wants. War, slavery,

feudal landlord, monarch and crystallized religious forms have successively and together suppressed the natural progress of mankind. All these forms of social pressure were largely economic in their origin, but the most prevalent form of social pressure under capitalism is more purely economic than any earlier form.

The older checks on progress have lost much of their force. Invention and discovery have pushed back the physical limitations, wars are less frequent, chattel slavery is abolished, the feudal landlord and the monarch are anachronisms, and religious terrorism has lost much of its force. The great repressive force now is the capitalistic domination of industry, the wage system by which labor is deprived of a large part of its product, and the limitation of industrial production for the sake of greater profits and a higher standard of life for the few at the expense of the many. Organized capitalism stands like a rock against any relative gain on the part of labor. It imports laborers with a lower standard of life to lower the standard at home. Less personal and more active than any of the older forms of pressure, except the physical limitations themselves, capitalism not only endeavors to prevent the standard of life from rising but attempts directly to lower it.

To this pressure the proletariat offers a resistance proportionate to the gains already made. This resistance is not always conscious, and is not usually consciously directed against the real source of the pressure, but wherever there is a protest meeting, a labor union, a strike, a proletarian political party or a social revolution, this resistance is manifesting itself. When this resistance is consciously directed against capitalism and towards industrial democracy and social freedom, all the essentials of a Socialist movement may be said to exist.

SUMMARY

I

1. Socialist criticism is essentially constructive and impersonal.

2. The invention of machinery and the rise of factories brought about the reconstruction of social classes, the capitalist owners of the means of production becoming the dominant class and the proletariat, composed of propertyless wage-workers, the subject class.

3. Between the capitalist class and the proletariat is a middle class, less definitely constituted than either, and with the interests and sympathies of its members divided.

4. The capitalist age has been one of great material progress, with a distinct gain in the absolute well-being of the majority.

II

5. The compensation of labor under capitalism takes the form of a competitive wage, and the typical wage is just sufficient to maintain the current standard of life of the laborer and his family.

6. The standard of life tends to rise from generation to generation, creating a continually strengthening demand for higher wages.

7. The capitalist domination of industry acts as a great repressive force tending to lower the standard of life of the proletariat.

QUESTIONS

1. Why do Socialists refuse to direct special attacks against the institutions of monarchy?

2. What are the dominant characteristics of the capitalist class? Of the proletariat?

3. What reasons are there for considering the position of the proletariat one of wage-slavery?

4. What are the advantages of the corporation as a form of business organization?

5. In what respects has the working class gained through capitalism?

6. Distinguish between absolute and relative well-being.

7. Criticise the "Iron Law of Wages."

8. What is meant by the "Standard of Life"?

9. How is the standard of life related to the wage system?

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CHAPTER III

PLANLESS PRODUCTION

The competitive system: America has grown up in the spirit of the *laissez faire* philosophy: we have been taught to believe that if the government and the monopolists would not interfere, individual self interest working in the spheres of production and exchange would bring about the highest possible social efficiency. America has been the paradise of this *laissez faire* individualism. With millions of acres of free land to which the dissatisfied could go, and a continent to develop; with the absence of traditional authority and the presence of the most adventurous spirits of all countries, it is no wonder that individualism and competition appeal to the typical American. Then, too, the idea of the "Survival of the Fittest" introduced by Darwin, gave to competition a new scientific basis, so that even in these days of huge combinations, when Judge Gary of the United States Steel Corporation testifies before a Committee of the House of Representatives that competition in the steel industry is dead,[1] a large element in the American population still wishes to destroy the "Trust" and rely upon competition to bring about substantial social justice.

This idea of the effectiveness of competition was illustrated by an economist of a past generation by a description of the provisioning of London, holding it to be self-evident that no public or monopolistic agency could meet the complex and multiform needs so well as they were met by the blind working of competition. But the people of London were not all fed. Perhaps as many as thirty per cent had to go hungry part of the time, then as now. Competition falls far short of efficiency.

Lack of coördination: In the *laissez faire* philosophy it was forgotten that individual liberty must be limited

[1] *Vide* reports in the daily press, July, 1911.

in order to bring about the maximum of social liberty. Darwin and his immediate followers failed to emphasize as Kropotkin has done the importance of coöperation as a factor in evolution. Competition is chaotic, it has no organization. It is simply the outgrowth of the ages before modern science was born. A scientific age demands scientific methods, and competition in industry is the reverse of scientific

Under competition there is no way of estimating the demand. Producers work blindly and hope to be able to dispose of their products at a profit. There is no apportionment of the work among the various producers, so that no producer knows how much of the supply it will pay him to produce. This is especially evident in agriculture within a limited market. If the price of potatoes has been high each farmer will plant a large acreage of potatoes, with the result that in the next season there will be an over-supply of a bulky and perishable product which cannot be profitably disposed of. Competition, therefore, results in great fluctuations in price, gambling in the necessities of life, numerous business failures, irregular production and consequent injury to the working class.

Unnecessary duplication: Anyone who has lived in a city which rejoiced in two or three different telephone systems can appreciate the disadvantages of competition. Every business man must have "both 'phones," and whenever one wishes to call a friend on his "Independent" telephone he discovers to his sorrow that the friend has a "Bell." Nothing is gained by this expensive duplication and inconvenience, for either extreme or "cut-throat" competition must go on until one company is financially ruined, or the companies must agree on a rate, thus giving no advantage over monopoly. Much money has been wasted in paralleling railroads. Capital diverted from industry for the purpose of building unnecessary roads is a social loss. Often a railroad is built as a huge blackmailing scheme, built with the preconceived plan of selling out to the competitor. Real competition in public service facilities is practically non-existent and impossible for any considerable length of time.

In the process of exchange the wastes of competition are

obvious. Several grocery stores in a small town carry identical stocks of goods, duplicate floor space, stale goods, managers and clerks, while one large store with branches as the town became larger could supply the needs of the town much more cheaply and could afford to change stock more frequently. The distribution of the milk supply where a dozen milk wagons serve a single street needs only to be compared with the postal delivery system to illustrate the wastes of competition. In manufacture the wastes of competition are equally obvious. Even now that a considerable degree of monopoly has been attained, there are far more factories than would be necessary under an efficient and economical system of production.

Advertising: One of the greatest wastes in the marketing of commodities is in the matter of advertising. Advertising has, of course, a legitimate place in business life and would to some extent be necessary in a Socialist commonwealth. It is necessary to make a market for a new product, to call attention to the advantages of new methods over old. But it is not necessary to spend huge sums in persuading people to buy one brand of a standard article rather than another equally good. The excessive advertising of soaps and breakfast foods illustrates this waste.

Advertising also offers a means of influencing the press in a manner and to a degree that is socially dangerous and undesirable. Newspapers and magazines cannot live without advertising, and the judicious placing of advertising matter, or the threat of the withdrawal of such matter already placed has changed the editorial policy of many newspapers and magazines.

The wastes of duplication can also be seen in personal advertising by travelling salesmen. The "drummer" equally with the printed advertisement has a legitimate function to perform in keeping retail dealers in touch with the larger business world, persuading them to introduce novelties, and saving to the retailer the expense of going to the city to place an order. But it is clearly an economic waste when salesmen from several wholesale houses visit one small grocer within a single week, trying to persuade him to increase his stock of standard goods.

Useless vocations: The capitalist system makes necessary

many vocations which are not socially productive, and which draw large numbers of the ablest men and women from productive work. With the socialization of capital these vocations would largely disappear and a heavy tax upon the producing population be saved.

(1) *Lawyers:* There were 114,703 lawyers in the United States according to the census of 1900, the increase of lawyers between that and the previous census being much more rapid than that of the total population. It is safe to say that now (1911) there are more than 140,000 persons in the legal profession in this country. Probably nine-tenths of the litigation and an even larger part of legal business transacted out of court involves property rights and other issues directly resulting from capitalism. While the socialization of capital would probably not do away with the legal profession in its entirety, it is evident that the number of lawyers would be greatly reduced.

(2) *Soldiers:* Since the only function of the army and navy under capitalism is to extend foreign markets and coerce rebels against capitalist authority, militarism cannot survive the present industrial system. This will release for socially beneficial work not only the 100,000 men in the army and navy, but the greater army engaged in the manufacture of the munitions of war, in the provisioning and serving of the army and navy, and in the administrative bureaus. The cost of militarism to the country, exclusive of pensions, is $300,000,000 a year. The same amount spent in productive labor would add tremendously to the wealth and well-being of the nation. A simple, inexpensive and democratic system of national defense could easily be substituted for the present wasteful and undemocratic system.

(3) *Bankers and brokers:* The number of persons in the United States engaged in these occupations is constantly increasing. In 1870 the number was 10,631. By 1880 it had risen to 15,180, and by 1890 to 30,008. By 1900 the number was 73,277. Thus the number of bankers and brokers has been steadily increasing three times as fast as the total population. In addition to this army of men a very considerable part of the 1,000,000 clerks, copyists, bookkeepers, accountants and stenographers enumerated in the census of

1900 were employed in banks and brokerage houses. To a very large extent, these occupations are socially unproductive and wasteful. The banking operations which would be necessary under Socialism would employ only an insignificant proportion of those now directly or indirectly engaged in banking. The broker is purely a social parasite, and as such would have no place in a rationally conducted society. He would be given useful work and thus transformed from a parasite to a useful and productive member of society.

(4) *Agents:* Another unnecessary group which would be practically eliminated under Socialism is that of insurance, real estate and sales agents, which in 1900 numbered in the United States 241,333 persons. State insurance would not need agents. Land would not be bought and sold. Sales agents would have only the limited function of introducing new classes of goods with which people were unfamiliar, a function similar to that of the travelling salesman under Socialism.

The premium on dishonesty: Competition and the profit system make it almost impossible for men to succeed in many lines of business without resorting to deception, unfair advantage and adulteration of goods. Profits are gained by reducing the expenses of production and selling at the highest possible price. The sale of cotton and shoddy for wool, the addition of glucose to sugar, injurious preservatives in foodstuffs, poor building materials sold for good, deodorized eggs and embalmed beef, bogus mining stocks, "city lots" in a Florida swamp, railway rebates, manipulation of legislatures, two hundred per cent. on chattel loans and a thousand other nefarious devices have been developed by a *laissez faire* competitive system. When one competitor resorts to such means the others must follow or go out of business. Restrictive legislation is bitterly fought by personally honest men. One method of deception is hardly made illegal before another is devised. The spirit of the law is violated and the letter upheld. Government inspectors must watch all forms of manufacture to detect violations of the law, and it becomes an advantage to the manufacturer to bribe the inspector. Nor must it be forgotten that practically the entire system of government regulation and inspection with its army of

employees and expensive departmental machinery is a social waste, made necessary by the nature of capitalism.

To these evils must be added the danger to the health and lives of the workers under the profit system. Every safety device costs money and the manufacturer not unnaturally hesitates to incur the expenditure lest it reduce the margin of profit. One manufacturer may even wish to guard his machinery, but find himself unable to do so unless his competitors do the same, and even he will fight a law compelling him to protect the lives of his employees. So it is with sanitation. Even a private monopoly is more likely to safeguard the health of its employees than is the best individual employer under competition.

Over-production and under-consumption: In the struggle between competing producers it frequently happens that the public demand for an article at a certain price is overestimated. Or the price may be temporarily above the normal, and manufacturers in either case run their factories to their fullest capacity and produce more than can be profitably disposed of. Competition in selling drives the price down until sellers prefer to hold goods rather than to sell. The factories are then closed, the employees are thrown out of work, and production is only resumed after the accumulated product has been gradually marketed. A series of profitable years often stimulates production to such an extent that there comes to be what is known as "general over-production." In nearly all lines of industry the products exceed the demand at prices which yield a surplus to the manufacturer.

But at the same time that warehouses are loaded with unsold goods thousands of consumers are going without them, simply because they cannot afford to buy. The real problem is not over-production, but under-consumption. True, over-production—the production of more than can be consumed to the advantage of the consumers—is possible in some industries, but general over-production is impossible. The capacity of society to expand its wants for more and better goods is practically unlimited, and it is always possible for the average man to consume the equivalent of what he produces. The producers and consumers in general are the same individuals viewed from different viewpoints, and if

each family were able to consume the equivalent of what its members produced there could be no question of over-production.

The tendency of monopoly in industry is toward the better regulation of production and the elimination of over-production and its results. But not until this tendency to the monopolization of industry reaches its culmination in socialization will the real problem of under-consumption be solved.

Crises: The whole period of capitalist industry has been marked by periodic fluctuations in business conditions. A period of prosperity is followed by a crisis, a panic in the world's markets, and a period of business depression and social distress. There have been four "major crises" in the United States, those of 1837, 1857, 1873 and 1893. The major crisis seems to come at intervals of about twenty years, that of 1873 being hastened by conditions following the Civil War. Minor panics and crises have usually alternated with major crises, giving a period of business depression about once in every ten years.

Crises are commonly explained as a result of an over-expansion of the credit system. Bank credit is loaned to business men in too large quantities and on too little security. Easy credit tempts men to take too great business risks, and when their notes become due they are unable to pay. The bank which has guaranteed their obligations then fails, and with the close interrelation of banks and business houses, one after another is drawn into bankruptcy until the business world is paralyzed. A crop failure may precipitate a panic by diminishing the purchasing power of farming communities, thereby reducing the profits of manufacturers and making them unable to meet their notes. Whatever its cause, a panic is bound to grow. Business is founded on credit and credit is almost destroyed. Even the securities on which credit is based fall in value, and money itself is hoarded, thus reducing bank reserves.

This is one side of the problem. On the other side stands the fundamental difficulty that the high profits of a prosperous time increase the relative gains of the capitalist class as against those of the proletariat. These additional gains are transformed into capital which must be re-invested in further production. With its lower relative income the great

consuming proletariat cannot buy its own product. Its purchases fall off as in the case of the farmers at the time of a crop failure. Goods lie unsold in warehouses and the profits of manufacturers from which loans were to be repaid are not forthcoming. This situation breaks at some point and a panic ensues. Unemployment following the panic still further reduces the purchasing power of the people, and it is only after the surplus has been consumed by the capitalist class, their servants and those who produce goods and services for them, or after some of the surplus has been given away in the form of charity, that the normal level can be regained and the entire process begun anew.

Passing of the competitive era: Unregulated competition is largely a thing of the past. Competition through price is modified to such an extent that the ruinous cut-throat competition of a generation ago is practically unknown. There is still some degree of competitive price in the wholesale trade in staple goods, but it is incidental and relatively unimportant. There is also a form of competition in the retail trade, consisting of advertising and other attempts to "get the business," but price agreements prevent the disastrous consequences of unregulated competition. Thus some of the evils of competition are eliminated through the increasing magnitude of the business units. In many industries this process has gone still further and has culminated in monopoly. The tendency of monopoly in industry is toward the better regulation of production and the elimination of over-production and its results. But it brings with it greater concentration of wealth and a higher degree of direct exploitation, so that monopoly is not in itself a solution of the basic industrial problem.

The waste of labor: The capitalist system requires at all times a great reserve army of laborers who, ordinarily unemployed, can be called into active service in times when production needs to be increased. In the United States from one to three million workers[1] capable of adding enor-

[1] This is admittedly a very vague and unsatisfactory statement to make upon such an important subject. Adams and Sumner with wisdom and truth remark that "there is no more difficult topic in the whole range of labor problems, and few so important, as this subject of unemployment" (*Labor Problems*, p. 519). Upon no problem of equal importance do we possess less exact information. The number

mously to the social wealth by their labor are constantly idle. The relatively inefficient, the so-called "unemployed," who might be producing something at least, are usually not employed at all, but supported by charity. When to these are added the idle rich and their servants and retainers, the producers of ostentatious luxuries for the plutocracy, those employed in the unproductive and parasitic occupations already enumerated, and the vast number of workers whose labor is largely wasted through poorly organized private enterprise, it will at once be seen what a tremendous waste of labor-power is involved in the chaotic and planless capitalist system. It is certain that with the elimination of all this waste a far higher standard of life than the present average could be maintained with comparatively short hours of labor.

Agricultural production: Although the tendency in manufacture and commerce is towards concentration and the elimination of the evils of competition, the tendency in agriculture is apparently the reverse. The great "bonanza farms" of the West and the great plantations of the South are being broken up into smaller holdings. The number of farms as shown by the census is steadily increasing. In Europe this same process is going on. Great estates are being divided into small farms and sold to peasants on State credit. Is competition, then, effective and desirable in agriculture?

The same evils of lack of coördination and unnecessary duplication exist in agriculture as in industry. The independent farmer is not in touch with the consumer and cannot tell in advance what acreage it will be worth while for him to devote to each crop. The risk which each farmer must assume is, in proportion to his capital, very great. Drought, frost, hail or insect pests may destroy his whole crop and reduce him to poverty. In spite of the apparent

of unemployed workers rarely falls below one million, even in "good" times. In "bad" times it frequently rises to considerably more than three millions. For example, 1900 was by no means a very "bad" year, but, according to the federal census of that year, thirty-nine per cent. of the *male* workers, 2,069,546 persons, were idle from four to six months of the year (*U. S. Census, Special Reports*, volume on "Occupation," p. ccxxxv). The conservatism of the statement in the text is evident (cf. Hunter, *Poverty*, ch. I).

increase in competition, the real tendency is toward its elimination. In the first place, there is a marked concentration of farm ownership, as we have already seen.[1] In the next place, the marketing of farm produce has passed out of the hands of the farmers themselves. Instead of being able to sell direct to the consumer, they must reach him through an army of middlemen whose functions are becoming more and more concentrated. The industrial functions which formerly constituted a large part of farming have passed out of the farmer's hands. He no longer makes butter and cheese, nor does he peddle milk about the city. These functions are capitalized and concentrated. The more expensive farm machinery, like threshing machines and reapers, are either owned coöperatively or owned and operated by those who specialize in that part of farm work and make it their business.

Some of the evils of unrestrained competition are partially avoided by the crop reports and recommendations of the Department of Agriculture, an example of collective action saving the individual from the evil consequences of an inefficient individualism. A similar service is performed by associations and unions of farmers engaged in producing certain groups of crops. So keenly is the necessity of eliminating competition felt at times that violence is resorted to for the purpose of regulating production, as by the tobacco planters of Kentucky, for example. The separate farm may remain, but competition is no more desirable in farming than in the other branches of production.

Where competition may persist: Competition as a regulator of industry is a failure. It is unscientific, it lacks adaptability and coördination, it involves too much individual risk, it involves social loss in duplication of plants, machines and men, it wastes men and money in advertising, it brings about adulteration of goods and cheap construction, and it increases the danger of under-consumption and crises. But a certain kind of competition would remain either under private or public monopoly. It is socially advantageous to have men and groups of men strive toward greater efficiency. A healthy rivalry between farmers to keep up the best farm, and to produce crops of the highest quality in the greatest

[1] See Table I, p. 11.

quantity adds to the social wealth and well-being, as does the rivalry of the same sort between manufacturing establishments and transportation lines. A competition between men for position and public honors when the reward is clearly placed on a basis of efficiency and merit, results in a distinct social gain. It is entirely possible to retain all the benefits of competition without enduring its evils.

SUMMARY

1. Industrial competition necessarily involves great social loss through the duplication of establishments and services, and in the advertising of goods.

2. The capitalist system makes necessary many socially unproductive vocations.

3. Privately organized industry offers irresistible temptation to dishonesty and fraud.

4. The risks of capitalist industry give rise to periodic crises which bear most heavily upon the working class.

5. Competition in the form of personal and group rivalry for social efficiency, position and honor may persist without industrial competition.

QUESTIONS

1. Why does competition fail as a regulator of industry?

2. Give examples of unnecessary duplication in industry.

3. Discuss the Socialist position in regard to advertising.

4. Explain the relation between the capitalist system and the vocation of law.

5. What is meant by over-production? Under-consumption?

6. Why does capitalist society fail to utilize all of the available supply of labor?

7. How is the farmer affected by the capitalist system?

8. What would be the place of competition under Socialism?

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CHAPTER IV

POVERTY

What constitutes poverty? Our definition of poverty has been somewhat anticipated. Poverty is at once an absolute and a relative condition. As an absolute condition, it may be defined as an insufficient supply of those things which are necessary to maintain efficiency in the conditions existing at a given time and in a given place. A family may be said to be in poverty when its income is insufficient to provide for all its members the things necessary to maintain them in a state of physical efficiency. This is true regardless of the fact that the income would have sufficed to keep another family at the standard of efficiency in some other place, or in the same place at some other time. Thus poverty is a relative condition. The Chinese coolie can supply all his felt wants, and maintain himself efficiently, according to Chinese standards, on a wage which would mean starvation to an Italian laborer. In turn the Italian laborer can maintain himself efficiently and save money on a wage entirely insufficient to efficiently maintain an American workingman. A family with a three dollars a day standard—that is, a family living under conditions in which it takes three dollars a day to procure the things necessary to physical efficiency—is just as poor on an income of two dollars a day as a family with an income of fifty cents a day where the necessities of physical efficiency can be procured for seventy-five cents a day.

Whenever the income of a family is so low that it does not make possible the maintenance of all its members in a state of efficiency, and there is a lack of any of the things essential to the attainment of that end, there is poverty. When the income falls so low that it must be augmented by public or private charity, we have the development of poverty to pauperism. This condition is poverty at its worst. Pau-

perism is the last refuge of the weak, the aged, the sick and infirm, and other victims of the human struggle.

The extent of poverty: There is no way of obtaining a very accurate measure of the amount of poverty existing in any city or in any nation. The extensive statistical work of the United States Census Bureau throws very little light on American poverty. Practically the only useful data available have been gathered by students and social workers in private investigation or are contained in the reports of public and private charities.

For England the investigations of Mr. Charles Booth in London and Mr. B. S. Rowntree in York are the most illuminating sources of information. Mr. Booth found that of the population of London about 30 per cent was living below the poverty line, and in York Mr. Rowntree found 27.8 per cent in poverty, and that in 1899, a year when trade was more than usually good. The standard of living in America is a little higher than the English standard. Therefore, the poverty line must be set a little higher here than in England to make any comparison of value. If this be done, there is little or no evidence that conditions here are much better than in England. During the year 1903 the public authorities in Boston aided 136,000 persons, or more than 20 per cent of the population. The value of these figures is greatly impaired by the fact that we have no means of ascertaining how many duplications they contain. That the number of such duplications is considerable will not be doubted by anyone who is at all familiar with the subject. On the other hand, the figures do not take into account the large number of persons relieved by voluntary philanthropic agencies and private individuals. That these would more than cancel the number of duplications in the statistics of public relief is beyond question. So we get the startling fact that at least 20 per cent of the population of the city of Boston reached the level of pauperism in the year 1903. Of course, the number of poor persons, that is, persons whose income was insufficient to provide the things necessary to the maintenance of efficiency, was very much higher. By no means do all who are poor apply for charity. Self-respect keeps many who are desperately poor from doing so.

It is estimated by Robert Hunter that in our large cities there are rarely less than 25 per cent of the people in poverty. Studies of unemployment tend to confirm this estimate. Fully 30 per cent. of the wage-earners are unemployed for a portion of the year, their incomes are irregular and they are therefore extremely liable to fall below the poverty line. To unemployment must be added the disability of wage-earners by sickness and accident. The eminent authority on vital statistics, William Farr, estimates that for every death two persons are, on an average, seriously ill, and three persons so ill as to require medical attention.[1] Dr. Farr was one of the greatest, if not the greatest, of all the statisticians of history, and his estimate was based upon an exhaustive study of the mortality and morbidity experience of the United Kingdom. As Professor Irving Fisher remarks, there is every reason to believe that Farr's conclusion is nearly as valid as when he wrote, about forty years ago.[2] If, then, we apply Farr's estimate to the United States, in which about 1,500,000 persons die each year, we get the startling result that something like 3,000,000 persons in the United States are at all times seriously ill. Of course, we have to be cautious in thus attempting to apply figures based upon British conditions a generation ago to the United States of the present day. Still, Professor Fisher, after checking the result in various ways, concludes that the estimate based upon Farr's crude rule is a fairly conservative one.[3]

In 1900, of the total population of known ages in Continental United States the age-group twenty to sixty-four years inclusive constituted 51.5 per cent. Assuming that percentage to have been about the same in 1910, there were in that year 47,365,717 persons between the ages of twenty and sixty-four years, inclusive. Mr. Edward Bunnell Phelps, editor of *The American Underwriter*, and one of the best statistical authorities in America, has calculated that Professor Fisher's estimate of 3,000,000 seriously ill is too conservative; that there are at least that number of persons in the United States between twenty and sixty-

[1] Farr, *Vital Statistics*, pp. 512–513.

[2] *Report on National Vitality*, by Professor Irving Fisher, p. 34.

[3] Fisher, *op. cit.*

four years of age, inclusive, ill enough to require medical attendance. And these years, it will be noted, are the most important working years. In furnishing this estimate to the present writers, Mr. Phelps calls attention to the fact that some seven years ago one of our very best statistical authorities tabulated the number and percentages of Odd Fellows reported as sick in twenty-nine different States, and found that of the total membership of that organization in those States an average of 7.85 per cent. were sick. One of the large health and accident insurance companies publishes a carefully tabulated statement which shows that on an average ten per cent. of its policy-holders between the ages of twenty and sixty-four years, inclusive, are sufficiently ill to warrant the payment of sickness claims. Dr. Farr's estimate that 2,000,000 in the United Kingdom are ill enough to require medical attention was equivalent to saying that that 6.3 per cent. of the total population was sick. The medical director of another large health and accident company estimated that in the United States, on an average, fully 5 per cent. of all persons in the age-group named are ill enough to need medical attention. If we average these several estimates and apply that average to the population in the age-group named, the result is almost startling:

ESTIMATES OF HABITUAL ILLNESS IN UNITED STATES

Basis of Estimate.	Population, Ages 20–64.	Probable No. of Cases of Sickness.
Odd Fellows' experience, 7.85% of	47,365,717	3,718,209
Health Company's experience, 10% of	47,365,717	4,736,572
Medical Director's estimate, 5% of	47,365,717	2,368,286
Dr. Farr's figures, 6.3% of	47,365,717	2,984,040
Total number of sick persons estimated according to the average of the four estimates		3,451,777

It would seem, therefore, that, on an average, at least 3,000,000 persons between the ages of twenty and sixty-four are sick. Not all of these are of the working class, for the fires of fever burn in mansion and hovel. Many are wealthy, many are of the professional class. How many

are bread-winners with families dependent upon them we do not know. Probably not less than 1,500,000. We do know that diseases of all kinds, and especially the most dangerous, like tuberculosis and pneumonia, are more prevalent among the wage-earners than among any other class.[1] It is perfectly obvious therefore, that disease greatly adds to the poverty of the masses. According to Mr. Hunter there were in 1904 at least 10,000,000 persons in poverty in the United States. There is no evidence that poverty is diminishing. All the organized charities are constantly enlarging their scope, and are pressed to the limit of their capacity in relieving misery. The cry of helplessness which ascends from our great organized agencies for philanthropic relief is appalling.

The pauper: The greater part of the families living in poverty do not become paupers. They strive to maintain their self-respect. They struggle bravely to increase their incomes, and by small economies manage to avoid applying for relief. Even the very poor will sacrifice part of their meagre incomes to help their neighbors and friends tide over a period of exceptional distress and to save them from becoming paupers

But the typical pauper has lost the self-respect of poverty. Take the pauperism of the tramp, for example. The tramp is not necessarily unhappy, nor does he suffer keenly. He cheerfully relies upon his stronger neighbors, or upon organized charities, to keep him from starvation. This form of chronic pauperism is a disease of character, more hopeless than crime itself. But it cannot be denied that capitalism puts a premium on this parasitic life. The tramp on the whole has an easier life and is often much better fed than the hard-working laborer. It is estimated by Mr. James Forbes, Director of the National Association for the Prevention of Mendicancy, that there are not less than 250,000 such tramps in the United States The tragedy of this aspect of the problem lies in the fact that, very often, the most promising and healthy boys of the working class find their way into the ranks of trampdom. The monotony of the average wage-earner's life, and the periodic unemployment which destroys ambition and thrift, are perhaps mainly responsible for this.

[1] Cf. Fisher, *op. cit.*, p. 22.

Another form of chronic pauperism, closely allied to that of the tramp, but differing from it in important respects, is that of the shiftless and inefficient families who are always dependent upon public and private charity. If there is a man at the head of the family he is generally unemployed, even in times when there is relatively little unemployment. The truth is that he is unemployable. The cause may be inefficiency and inability to apply himself to any task, however simple, or it may be sickness, or drunkenness, which is itself a form of sickness. Or the cause of his failure may be the characteristic which we call laziness. But laziness is probably always a result of defective conditions closely allied to poverty, and rarely or never the primary cause of poverty. Back of the inertia, lack of ambition and staying power which manifest themselves in what we call laziness are the untoward conditions born of poverty, such as malnutrition, neglect of disease, lack of training, failure to discover in the formative years of life the natural aptitudes of the boy who thus develops into the pauper. How many families of this class there are we have no means of ascertaining in the present chaotic state of our statistics of relief. That the number is frightfully large is certain. They go from one charitable agency to another until they have gone the entire round, and then they begin the circuit anew.

To these classes of paupers who are the victims of moral deficiencies, diseases of character which flourish in capitalist society, must be added the large class whose pauperism is less directly the result of moral disease, but is the result of old age, physical infirmity due to disease and accident, the idiotic, the insane, the widowed and orphaned. There are more than a quarter of a million such men, women and children living in institutions at the public expense, in addition to the vast number supported outside by public and private philanthropy. Altogether, pauperism presents an appalling picture of human wreckage.

Poverty and the child: Nowhere are the ill effects of poverty more strikingly manifest than in the lives of the children of the poor. During the period of rapid growth in mind and body poverty creates an environment for the child which robs it of its chance of a full and healthy development, without which an efficient manhood or womanhood

will be impossible. Robbed of physical and intellectual opportunities in the most important years of all, the child of poverty is heavily burdened in the race of life.

It is a well-known fact that the death rate among the poor is very much higher than among the well-to-do. This is especially true of the infantile death rate. Dr. Charles R. Drysdale, an eminent authority, declared some years ago that the death rate of infants among the rich was not more than 8 per cent., while among the very poor it was often as high as 40 per cent. In aristocratic Brookline, Mass., the death rate of children under one year per 1,000 births in the year 1900 was 96.9, while in Fall River, an industrial town in the same State, it was 260.2. Yet the experts say that, upon the whole, the babies of the poor are just as strong and healthy at birth as those of the rich, and that post-natal, rather than pre-natal, conditions are responsible for the terrible difference in the death rate. Except for poverty and other evils resulting from capitalism, there is no apparent reason why the death rate of babies anywhere in the United States should be materially higher than in Brookline. This means that in the prosperous year of 1900 more than 200,000 babies under one year of age needlessly died in the United States. Not all were victims of poverty, of course, but a vast majority were victims of poverty, ignorance, lack of care and other evils which appear to be inseparable from capitalist society.

Terrible as these figures are, they by no means represent the worst evils of poverty as it affects the child. At least the suffering of those who die in infancy is of short duration. Death is all too often an escape from long continued privation and suffering. Recent investigations in this country and in Great Britain have revealed the fact that an alarming number of poor children of school age are chronically underfed and otherwise neglected. Victims of malnutrition and diseases incidental to malnutrition, an alarming percentage of the children in our public and parochial schools are not only backward in their studies, but as a result of the combination of their physical and mental disadvantages they are continually augmenting the ranks of the inefficient who fall into pauperism, the shiftless, the intemperate, the vicious, the lazy and unemployable.

Closely related to these conditions is the evil of child labor. Of the great army of children employed in mines, factories, workshops, street trades and farming occupations, the vast majority are victims of poverty. That a large number of such children come from families who manage to keep slightly above the line of poverty is indisputable, but it must be borne in mind that very often such families maintain that position only by adding the wages of the children to those of the adult bread-winners. Where a child earns two dollars a week, for instance, that sum may mean the difference between staying above the poverty line or falling below it. It may mean the difference between living in a hovel on a mean street where it is hard to be "respectable," and living in a better neighborhood. One terrible fact is that the children who are forced thus early into the labor market are the children least fitted for it. Child labor is quite unnecessary in this age of marvellously productive machinery and unemployed adults. But if it were necessary for little children to labor at all, those chosen for labor should be the strongest and best fitted to bear the strain. But the strongest and best developed children are the sons and daughters of the rich and well-to-do classes, and these are never torn from the playgrounds to enter the factories and mines or to face the perils of the street trades. It is always the children of the poor who are forced into the labor market, and the poorer the family the more necessary becomes the income derivable from the labor of its children. Thus child labor is a link in a chain of vicious circumstance. The child whose infant years were spent in an environment which weakened it physically and so sapped the foundations of all strength, mental and moral as well as physical, and whose years of school life continued the cruel process, is subject to the further weakening of all that makes for strength of body, mind and character.

The prevention of child labor: It is manifestly impossible to end child labor by appealing to the parents of the children. The pressure of poverty forces them to send the boy or girl to work. Meagre though the wage of the child may be, it is often an important item in the family budget. It is vain to urge that the child becomes a competitor of his father, that child labor leads to low wages for adult workers. The

parents know that. But they also know that the process is not an immediate one, that the employment of the individual child does not immediately and directly reduce the wages of the particular adult worker. The process is a slow and indirect one, subtly hidden in the complex mechanism of capitalist production. The wage of the child, on the other hand, is a direct and immediate gain. It means increased comfort at once. Likewise, it is useless to appeal to the employers to put an end to child labor. So long as child labor appears profitable the capitalist will not end it in response to appeals for sympathy for the child. In competitive industry the most kindly employer must take all the advantages for profit making which his competitor takes or go out of business; in industries wholly or partially monopolized the incessant demand of the stockholders for dividends forces the directors and managers to employ every profitable device and method.

To stop child labor, then, legislation is resorted to. Every attempt to enact such legislation is bitterly opposed by those who profit from child labor. The laws when enacted are flagrantly violated. Still, despite all difficulties, something has been done in the direction of checking the worst abuses. The Socialist favors every effort to prevent child labor by legislation, and nearly every Socialist party in the world demands the prohibition of the labor of all children under sixteen years of age. But the Socialist sees in child labor only another symptom of social disease inseparable from the capitalist system, and believes the disease to be remediable only through the socialization of production and exchange.

Poverty and old age: One of the most tragic phases of the problem of poverty is that of the aged poor. After a lifetime of hard work thousands of sober and industrious men and women pass the years of old age, when they are no longer able to work, in destitution, dependent either upon charitable agencies, or upon relatives who by contributing to the support of their dependent relatives diminish their opportunities to save a competency for their own old age. Obviously, there must be something radically wrong with a social system which does not make it possible for a worker after forty years or more of industry to live comfortably for ten,

fifteen or twenty years when he is no longer able to work. Thrift is no remedy for the evil, and it is useless to argue that the workers should save enough to keep them in their old age. That is possible in some cases. It is a fact that many of the aged poor might have been enjoying comfort had they been prudent and frugal in early life. But the average wage-earner does not earn more than enough to maintain himself and family in efficiency, even if every penny of his earnings is wisely directed to that end. For the average wage-earner saving is only possible at the expense of efficiency, either that of himself or some member of the family. Saving under such conditions means stinting, either by reducing the amount or lowering the quality of food, clothing or education, or by reducing the comforts and advantages arising from good housing accommodations.

To those who have been accustomed to live in relative comfort dependence in old age involves the most intense suffering and humiliation. Of all the fears which beset the working class the fear of a beggarly old age is perhaps the most generally felt and the most dreaded. To avoid its realization men and women of the working class sacrifice much present comfort, and many of the necessary requisites of an efficient life, in order that they may have something upon which to rely in their old age. Even when a little is saved in this manner, the difficulties of safe investment and the dangers of loss are great.

Evil results of poverty: Poverty is not only an evil in itself, but it is the direct cause of many other evils. Crime is to a very large extent the result of poverty. The commonest of all forms of crime is theft, and it is perfectly well known that robbery, burglary, pickpocketing, and other crimes of this class increase with every depression in trade. As wages decrease and the number of the unemployed increases the number of cases of larceny of all kinds grows. There is more theft in winter than in summer. In general it may be said that whenever the conditions of life become harder than usual for the poorer classes crime increases. Crime is the reaction of the relatively strong man to economic failure and oppression, just as pauperism is the refuge of the weak.

While crime is by no means confined to the male sex, the

true female counterpart of crime in the male is prostitution. The life of a prostitute is not attractive and few enter it from choice. The life involves social ostracism and loss of self-respect, together with the abandonment of all that women value most highly. Except in the cases of a relatively small number of moral degenerates, the ranks of those who depend upon prostitution for a living are recruited from those who have failed otherwise to maintain themselves. Wherever investigations have been made into this subject a very close relation has been shown to exist between low wages and irregular employment and prostitution. Universally, the proportion of prostitutes who find their way into the ranks of those that walk in shame from such poorly paid occupations as those of dressmakers, milliners, saleswomen, buttonhole makers, cloakmakers and the like is very large. What is even more significant is that every depression of trade affecting these and similar occupations in the form of unemployment or decreased wages is immediately followed by a large increase in the number of prostitutes. At the National Purity Congress in 1895 the number of public prostitutes in the United States was estimated at 230,000. Other estimates are much higher, one investigator placing the number at 600,000.[1] Whatever the number may be, it is probably safe to say that five-sixths of all public prostitutes are victims of poverty.

The relation of poverty to disease has already been sufficiently noted for our present purpose. It is not only one of the most active causes of such diseases as tuberculosis and pneumonia, but it is an important factor in the causation of that form of disease which is so often mistakenly treated as a crime, drunkenness. It is often said that drunkenness is a principal cause of poverty. That it frequently appears as the direct and immediate cause is true, but it must not be forgotten that it is itself, in many cases, the product of poverty and its concomitant conditions, overwork to the point of exhaustion, malnutrition and physical weakness, crushed hope and desperation of despair. Here as in so many other directions poverty tends ever to perpetuate itself. That is its worst feature

Causes of poverty: Not so long ago it was very generally

[1] Cf. Bliss. *Encyclopedia of Social Reforms*. Art. "Prostitution."

contended that poverty was almost entirely due to the faults of the poor themselves, to moral defects in the individual rather than to defects in the economic and social environment. That view has been abandoned. Dr. Edward T. Devine, for example, admits that "the tradition which many hold that the condition of poverty is ordinarily and as a matter of course to be explained by personal faults of the poor themselves is no longer tenable. Strong drink and vice are abnormal, unnatural and essentially unattractive ways of spending surplus income."[1] The Socialist takes the same view of the problem and to all such questions as "Does poverty exist because people are shiftless, lazy, intemperate, dishonest or depraved, or because they have too many children?" answers with a vigorous negative. He agrees with Dr. Devine further "that personal depravity is as foreign to any sound theory of the hardships of our modern poor as witchcra t or demoniacal possession; that these hardships are economic, social, transitional, measurable, manageable."[2] He holds that all foregoing moral distressful phenomena are the direct and indirect results of conditions arising out of the economic system and inherent in its very nature. In a system which enables a relatively few owners to appropriate a large part of the products of industry regardless of effort on their own part, and where the actual producers can rarely take more than sufficient to keep them from day to day and week to week, poverty is inevitable.

Charity not a solution of the problem: Society no longer intentionally permits any of its members to starve. When extreme poverty confronts us an attempt is usually made to relieve it. For this purpose numerous and costly organizations exist, and in addition to this organized charity there is a large amount of personal effort directed to the same end. The effect of charity, however skillful and well-intentioned its dispensers may be, is often disastrous. It places the individual in a position of cringing dependence and destroys self-respect by invading the privacy of the home to make inquiries which are necessary to prevent imposition.

But apart from these criticisms, and even if none of them were true, it would be a sufficient criticism to make of the

[1] *Charities and the Commons*, Vol. XIX, p. 1104.

[2] *Misery and Its Causes*, by Edward T. Devine, p. 11.

attitude of those who hold that charity is a sufficient solution of the poverty problem to point out the confessed inability of our charity organizations to remove more than a tithe of the poverty existing in society under normal conditions. There is no large city in America in which any or all of the philanthropic agencies are or have ever been in a position to raise sufficient money to raise above the poverty line all who have fallen below it. This fact was shown in a striking manner during the discussion, in 1907, of the report of the New York State Conference of Charities and Corrections of the committee of that body on wages and the standard of living. The committee reported that the lowest amount upon which a family of five could be supported in decency and health in New York City was about eight hundred dollars a year. Commenting upon the fact that many thousands of families have a total income of ten dollars a week or less, and that after allowances are made for sickness, holidays and occasional unemployment, the total income of such families does not exceed four hundred and fifty dollars a year at best, Dr. Devine frankly admitted that it would be impossible for organized charity to make up the deficiency for all such families, and so place them just above the poverty line. Such a policy would, he declared, lead to financial bankruptcy.[1] In other words, the charitable societies cannot hope to add to the wages of those workers whose incomes are inadequate to maintain themselves and families at the point of efficiency, enough to enable them to do so. Therefore, there must still be poverty which organized charity can neither promise nor seriously hope to remove.

The Socialist view of poverty: Any open-minded Socialist must recognize that some of the evils of poverty can be relieved without disturbing the present social order. Municipal milk stations for the supply of milk for infants, free meals for school children, medical inspection, child labor laws, farm colonies for the unemployed—these and a multitude of similar reforms are possible within the capitalist system. But so long as capitalism remains and wages are determined by competitive methods poverty will continue to blight the world. It will be removed only when the basic industries

[1] *Charities and the Commons*, Vol. XIX, p. 1083.

have been brought under social ownership and control. So, while rejoicing in all measures of amelioration, the Socialist concentrates his attention upon abolishing the fundamental causes of poverty, trusting that the effects will disappear when the causes are removed.

SUMMARY

1. A family is in poverty when its income is insufficient to provide those things which are necessary to maintain the efficiency of its members in a given time and place.

2. The effects of poverty are most evident in the lives of children. Under conditions of poverty the infantile death rate is very high and the growth of the minds and bodies of children is impaired.

3. Poverty is a direct cause of crime, prostitution, disease and intemperance.

4. Charity is entirely inadequate for the relief of poverty, and contributes nothing toward its cure.

QUESTIONS

1. Distinguish between poverty and pauperism.
2. What basis have we for estimating the extent of poverty?
3. What are some of the causes of pauperism?
4. Discuss the causes and the social effects of child labor.
5. Show how poverty acts as a cause of crime.
6. What is the social effect of charity?
7. What is the Socialist attitude toward poverty?

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CHAPTER V

LEISURE AND LUXURY

Capitalist and manager: The capitalist as such has nothing to do with the management of the industry in which he holds stock. As a capitalist owner of a textile mill he need not know the difference between gingham and worsted. He may be a child or an idiot. If he does useful work in the management of the industry, as capitalists of a generation ago often did, he is to that extent a laborer and is entitled to the rewards of labor. As a matter of fact, he usually gets these rewards over and above his income as a capitalist.

The shrewd business man who so directs an undertaking that it yields an increasing revenue without raising prices or lowering wages is undoubtedly performing a real service for society, and should receive a salary proportionate to that service. But when the gain comes through monopoly, special privilege, injury to the consumer or injury to the producer, society receives no benefit for which it should be called upon to make any payment. The business man who works for himself and against the interests of society deserves no consideration and no reward.

Socialists do not wish to deny to the real captains of industry a reward equivalent to the social value of their share in production, any more than they wish to deny to the least efficient laborer the equivalent of the social value of his share in production. Socialists do charge, however, that even the salaries of those engaged in the management of industry as it is at present conducted are not proportioned to the share of the recipients in production. "To him that hath shall be given" seems to be the rule to-day, as of old. Men who have wealth or influence with the wealthy can obtain positions with salaries far in excess of the value of the services rendered. Capitalism also richly rewards services which are socially undesirable and unnecessary. Brokers,

speculators, commission merchants, corporation lawyers, lobbyists, and many other groups are paid large salaries although society would be better off if they did not exist.

Unearned wealth: The incomes of capitalists and landowners are unearned. They bear no relation whatever to the productivity or the needs of those who receive them. There are other methods of getting unearned incomes, such as betting, swindling, begging and plain robbery. These methods are admittedly dangerous, demoralizing and criminal. But any form of unearned income is regarded as socially harmful by the Socialist, except where it takes the shape of a social gift for the maintenance of one who is incapacitated from labor. The unearned income of the capitalist is not a social gift, but a sum extorted from the producers through the mechanism of our industrial system.

Inheritance: It is difficult to see why children, distant relatives or strangers should inherit the wealth of a deceased man in the production of which they have had no share. We no longer recognize the right of inheritance to political offices or honors. Hereditary royalty, nobility or dignity is almost universally looked upon as undesirable, but capitalist society upholds the much more dangerous inheritance of capital with the same unquestioning faith that feudal society had in hereditary royalty. The fortune accumulated by a man of ability in a lifetime of honest effort may be inherited by a son or other heir, who, despite his mediocre ability, and the fact that he renders little or no service to society, thereby enjoys all the benefits of wealth.

It is not the inheritance of purely personal property to which the Socialist objects, but the inheritance of capital, stocks and bonds representing ownership and control of industry, and land titles which confer upon their owners the power to absorb part of the wealth of society in the form of incomes derived from the exploitation of the labor and needs of others. There is no reason why society should assert the ownership of those forms of personal property which have none of the foregoing characteristics, except in such rare and exceptional circumstances as might lead even a capitalist State to do the same.

Advantages of wealth: From the point of view of social power it is the ownership and control of industry rather than

income which counts. The man who owns can control. But aside from this social power a large income gives advantages which may not in themselves be harmful to society, but the enjoyment of which by the few to the exclusion of the many constitutes a social injustice. Among these advantages are education, travel, luxurious and beautiful homes, better care when ill, protection of childhood and old age. The man of wealth is free to seek the most skillful physicians and the most healthful climate. He need not wait for complete prostration before seeking medical aid. From these advantages the poor man is practically debarred. The higher death rate among the poor than among the rich is a matter of common knowledge. Among 10,000,000 well-to-do persons the number of yearly deaths is probably not more than 100,000; among the best paid wage-earners the number is probably not less than 150,000; and among the poorest paid workers the number is probably not less than 350,000.[1] Money may purchase life itself.

The privilege of being able to devote his life freely to the work of one's choice, regardless of its income yielding power, is inestimable. Genius is not necessarily associated with money-making ability, and many of the greatest artists and writers have been able to develop their talents only through their freedom from the necessity of making a living.

Previous to the industrial revolution the productivity of society was insufficient to support more than a relatively few in comfort and to afford leisure for cultural development. With the development of labor-saving machinery it becomes possible, for the first time in history, to realize any normal and healthy desire and still perform a just share of the necessary labor of society. Sufficient leisure for the development of talent is demonstrably possible for all in a society in which the most highly developed methods of production and organization are fully utilized. Culture and labor need not be divorced in modern society.

The leisure class: The existence of social classes, generally hereditary in character, exempt from the work of production and thus able to devote themselves exclusively to certain honorific employments, such as warfare, politics and religion, has been characteristic of every age since the end of

[1] *Poverty*, by Robert Hunter, p. 144.

primitive communism. These classes have played a tremendous part in social evolution, for without them culture and civilization could hardly have been developed and preserved. The Pericleian Age in Greece, for example, was only possible with many slaves for every free citizen.

Under capitalism the predominant leisure class has been placed upon an entirely new basis, that of wealth regardless of any real or pretended services to society. This class is also to a large extent hereditary in character. It maintains itself by the exercise of its power of control over the means of production as surely as did the nobility of feudal times through land ownership. Inheritance of capital crystallizes class distinctions and makes equality of opportunity impossible. The inheritance of great landed estates in feudal times carried with it a sense of responsibility to society, and especially to the serfs and peasants. The feudal lords at least served society to the extent of assuming the risks and responsibilities of warfare, and of preserving, in conjunction with the church, the culture and civilization of the past. But this new leisure class performs no social service whatever. The inheritance of capital tends to perpetuate a class having no direct contact with the sources of its income, no feeling of social responsibility and no knowledge of the life of the producing class. The most conspicuously idle and extravagant of the capitalist class, those who do not perform even the most perfunctory directive functions, and cannot be considered as other than social parasites, live on incomes derived from inherited capital. Now that politics, art, education, and even military protection, are possible upon a thoroughly democratic basis, the Socialist sees no reason for maintaining in luxury a social class which does not and cannot justify its existence by some definite social service which it performs with peculiar efficiency.

Ostentatious expenditure: Wealth in the form of capital gives the owner power over the lives of men. Wealth with large income enables the possessor to enjoy comforts and luxuries denied to other men, and the possession of wealth, or even the appearance of being wealthy, brings honor and social prestige. There is therefore a great temptation to spend large sums ostentatiously in order to be regarded as rich, rather than for the direct pleasure or benefit the

expenditure will bring. Expensive dinners and balls, extravagant houses, furnishings and dress, and even philanthropy, are frequently attributable to the desire for social prestige and honor. Often this object is attained by the wearing of certain forms of dress, or living in such a way that productive labor is impossible, thereby indicating that one belongs to a class wealthy enough to be free from labor. The silk hat, the monocle, the walking stick and the patent leather boots of an English gentleman are neither comfortable nor especially useful, but it is plainly evident that no one could do an hour's honest work in such an outfit. In its origin, at least, that fact is responsible for the outfit.

Ostentatious expenditures by the very wealthy indirectly help to protect them in their social position. In the effort to share in the social homage and prestige bestowed upon rich families many a middle-class family imitates these extravagances to the point of financial ruin, and so is effectually prevented from obtaining real power. If we analyze our expenses, even the relatively poor among us will find that a surprisingly large proportion goes for ostentation, but this can hardly be avoided. As long as class distinctions are so great it is practically necessary to imitate and conform, particularly in dress, or else be subject to ridicule. The necessity of keeping up these ostentatious expenditures in order to maintain appearances constitutes in the aggregate an immense social loss. If it were not for the social necessity of keeping up the appearance of prosperity, real prosperity would be more easily obtained, and labor could be applied to a greater social advantage. The pace in ostentatious expenditure is set by the idle rich and everyone else is compelled to live as nearly as possible to that standard under the penalty of being stamped as socially inferior.

The servant and society: The productivity of labor having increased much more rapidly than wages, the socially productive laborers themselves cannot purchase and consume their own product. Production must either be checked, therefore, and the resulting army of unemployed supported by charity, or the non-producing class must be so increased that the social product may be consumed. The servants and retainers of capitalism and the producers of certain kinds of luxuries for the capitalist class perform this function

by assisting the capitalist class in the consumption of goods. At the same time, they add to the sum of personal and social satisfaction which the owning class is able to enjoy.

It may well be questioned whether a rational society would tolerate the existence of a servant class, except for the service of the sick and infirm. Such service might be regarded as an occupation of peculiar dignity and honor. But the idea that the whole life of one human being should be spent doing the work of and making comfort for another human being capable of doing it for himself is repellant to the ideas of freedom and equality. Many a rich idler whose life is of no benefit to society not only consumes an income representing the labor of many producers, but wastes still more on the employment of personal servants. The rich man must have his valet and the rich woman her maid to assist them in dressing. The spectacle of one healthy person employing another healthy person to button his shoes or comb her hair, as the case may be, is so ludicrous that the parasitical nature of these forms of service is obvious. But a large part of the work performed by the servant class is none the less parasitical because less obviously ludicrous.

We are not at present concerned with the question whether or not this form of useless labor will wholly disappear with the coming of Socialism. What concerns us is the social waste in present society represented by the servants and retainers of the capitalist class. It is true that a large majority of those engaged in ordinary domestic service are employed by the large middle class, rather than by the relatively small class of the very rich, but the number of servants and retainers of the latter class is greater than the entire number of domestic servants. In this class of servants and retainers is included such personal servants as valets, footmen, waiters, and the like, as well as the secretaries, private tutors, hired "companions" and the physicians who confine their professional service to the wealthy for extravagant fees. It includes also the editors, publicists, lawyers and preachers whose energies and talents are devoted to the task of defending the present social order for pay. The burden of the capitalist class upon the producers can only be realized when its vast army of servants and retainers is taken into account. From an economic point of view, the

servant and the retainer are producers of utilities for individuals or groups of individuals, but they are not producers of social wealth. Every such servant or retainer means one more laborer taken from social production, and so much more work to be done by the producers who are left.

The social effect of luxury: It is a common fallacy that anything which "makes work" is advantageous to labor. When some millionaire indulges in a particularly wild extravagance it is not unusual to hear it said that he is performing a social service by "putting money into circulation." It might as well be said that a vandal who amused himself by smashing windows was a social benefactor because he caused people to spend more money and made work for glass-blowers and glaziers, as that any good results from useless expenditures in any other form. Every plate-glass window has been produced by an expenditure of human effort and its unnecessary destruction means so much social loss. The labor of society consists of the replacement of goods which have been used up or destroyed, and devising new kinds of goods which will add to human efficiency and happiness. Waste and luxury from a social point of view mean a squandering of the products of labor, and a diverting of productive energy to useless ends.

The fallacy that labor spent upon the production of luxuries which are an exclusive class privilege somehow benefits the laboring class arises from the confusion of wealth with money. Real wealth consists of production and consumption of goods. Of the total estimated wealth of the United States, gold, the only standard money, constitutes little more than one per cent. Its value depends upon its exchangeability for other things. The real social effect of excessive luxury is the destruction of social wealth in the accumulated products of labor power. If a man with an income of a million dollars a year should live according to the standard of an Italian laborer, his income would be quite as freely circulated as though he spent it all on steam yachts, palatial dwellings or jewels for courtesans. This money, whether invested or deposited in banks, would be in constant circulation.

Degeneracy as the result of great wealth: It has been well said that society rots at both extremes; the rich rot from luxury and the poor rot from poverty. Great wealth is not

an unmixed blessing. Idleness and lack of social responsibility combined with the gratification of every whim, lead to dissipation, self-indulgence and other evils which result in the demoralization of the individual. A parasitic existence, whether in the plant or the animal kingdom, or in human society, brings about changes in the organism which unfit it for any further independent existence. It used to be said that a family passed from shirt sleeves to shirt sleeves in three generations, and perhaps the saying was to a certain extent true when the country was new and men stood more nearly upon their own merits. But at present, when fortunes are so immense, it takes little ability to keep them together, and the degenerate who otherwise would be earning the minimum wages at unskilled labor, or be in the care of some institution, is enabled to give monkey dinners and waste wealth in other equally foolish ways, and even then is unable to materially reduce the capital which he has inherited.

A few such individuals might be kept in custodial institutions, but it is obvious that only a very small number of the most flagrant cases could be thus dealt with. The only remedy for the degeneracy which is commonly associated with the inheritance of immense wealth is to stop producing degenerates of this type. This can be done by abolishing the conditions which permit an idle class to live in luxury while the producing class languishes in poverty.

SUMMARY

1. The function of the capitalist as such needs to be distinguished carefully from that of the director of industry, who in that capacity is a producer.

2. The inheritance of capital perpetuates class distinctions and gives rise to a group of capitalists who have no directive functions.

3. Leisure is necessary for the development and continuation of civilization and culture. Before the time of machine production leisure was possible only to a few. Now it could become possible for all.

4. Servants and retainers of the rich are socially unproductive workers, and a burden on society.

5. Luxury involves social loss, and the diversion of labor from occupations which are socially productive.

QUESTIONS

1. Explain the attitude of the Socialist toward the "Captain of Industry."

2. Why distinguish between the inheritance of capital and the inheritance of such personal property as jewelry and paintings?

3. If a leisure class was socially advantageous in the Middle Ages, why is it not so now?

4. Discuss the social effect of frequent changes in fashion.

5. Make a list of occupations which would be regarded by Socialists as socially unproductive.

6. What is the fallacy in the expression, "Spending money makes trade good"?

7. How may great wealth bring about degeneracy?

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CHAPTER VI

INDIVIDUAL AND SOCIAL RESPONSIBILITY

Socialism and Individualism: It is a very common error to regard Socialism and Individualism as antithetical concepts. As a matter of fact, there is no antagonism between the two. The Socialist contends that true individualism is impossible under capitalism and that fact constitutes no small part of his indictment of the existing social order.

Individualism is not an absolute but a relative term. There has never been a time when any individual could live his life within the boundaries of human society absolutely untrammeled by the lives of others or their requirements. The most despotic monarch has always been bound in some degree by convention, influenced by advice, restrained by fear of revolt or coerced by circumstance. Even when exceptional liberties of individual activity are enjoyed by favored individuals or classes they are never absolute and unlimited. Absolute individual freedom is hardly conceivable, even as an abstract conception. It is very evident that by its very nature society places upon the liberty of every individual some limitation, some restraint. It is equally evident that when excessive individual liberty is granted to an individual or a class, enabling that individual or class to oppress other individuals or other classes, true individualism does not exist. Neitzsche's Superman is often referred to as the perfect apotheosis of individualism, but that view is not warranted, for the reason that he could only exist by crushing the individuality of others. True individualism is inseparable from equality of opportunity. The freedom and opportunities of each individual must be bounded by the equal freedom and opportunities of every other individual.

Capitalism and Individualism: Under a system which is properly described as wage-slavery the workers have little

freedom or opportunity for individual development. Their lives are forced into narrow grooves, individual initiative is discouraged, and they have no time for creative effort outside of their working hours, even if they should feel the need of it. Leisure is a necessary condition for creative effort, and that is an unknown luxury to most wage-earners. Life is reduced to a dull level of deadly monotony, a joyless round of work at daily tasks which are heavy, irksome and uninspiring, mitigated by cheap recreation, often brutalizing in its effects, by eating and sleeping. Relatively few members of this class ever reach distinction. The great majority of the distinguished men and women of one generation are the sons and daughters of the moderately wealthy and comfortable middle classes of the generation before. When a member of the wage-earning class does rise to a place of distinction it is a fact considered worthy of special comment and we get the impression that the number of such successes is greater than it really is. Even the leaders of the workingmen in their struggles frequently come from the classes above.

While the rich enjoy many more opportunities for the development of individuality than do the wage-earners, as a class their lives are not characterized by a gain of individuality commensurate with their privileges. The rich society woman who is enslaved by the customs and conventions of the world in which she lives, and exhausted by the aimless round of social duties and vulgar dissipation which comprise such a large part of her parasitic existence, is as much enslaved by her wealth as the poor seamstress is by her poverty. Her life becomes just as monotonous and irksome, and equally prevents the development of individuality. Such a woman has often as little time and energy left for creative work and self-expression as her poorer sister. Even the active capitalist, the typical captain of industry, is not free from the narrow bondage of wealth. We speak of such a man as owning so many millions of dollars, but it would be nearer the truth to say that the millions of dollars own him. Absorbed in the task of getting wealth, the task becomes an obsession. Money ceases to be a means, it becomes an end: it is no longer servant, but master. Life becomes a narrow and sordid existence from which it is impossible to break. When he retires in old age he is unhappy because

he finds too late that he has lost the capacity for rational enjoyment.

Perhaps the greatest opportunities for individual development and expression are enjoyed by the most prosperous and independent section of the middle class. The person whose income is secure and large enough to permit the leisure and the comfort essential to a high order of creative work, and is not burdened with the anxiety involved in the ownership of millions, is more to be envied than any other member of society. A large proportion of the artists, scientists, inventors, statesmen, philosophers and writers have come from this section of the middle class. It is only too true that a vast number of those who enjoy these advantages do not profit by them. The corrupting influence of the example of the idle rich is a factor which must be reckoned with. It is no wonder that the lives of so many who might profit by their available opportunities become mere shoddy imitations of the lives of the richer class above them, lives of vain attempt to appear to be something which they are not.

To sum up: for the great mass of the people the conditions of capitalist society make a worthy individualism impossible. It will not be possible until parasitic idleness and brutalizing overwork have both been abolished. The goal to be aimed at is the realization of Mr. Ruskin's fine saying that "Life without industry is guilt; labor without art is brutality." Not until all men are usefully employed at work which is worth the doing and of itself a pleasure, and the work is done under conditions which are healthful, and rewarded with the leisure and the material goods necessary to the fulfillment of every legitimate craving for knowledge, for beauty and self-expression will true individualism be possible.

Class education: Where social classes exist it seems inevitable that the educational system as a whole should tend to perpetuate the class division. Consciously or unconsciously, the private school sharpens class distinctions and fixes an almost impassable barrier between the rich and the wage-earning classes. The public school, left to the children of the relatively poor, makes other social contacts impossible. These differences maintained throughout the formative years of life form habits of thought which can hardly be broken.

Thus the individuality of the rich child and the individuality of the poor child are merged with the spirit of their respective classes. Their sympathies are narrowed and they are rendered almost incapable of entertaining feelings of true social unity and democracy.

"Benevolent feudalism": When a member of the capitalist class comes to a realization of the effects of poverty, and honestly wishes to improve social conditions, it does not occur to him, as a rule, to consult the wishes of the people he would help. His attitude is substantially that of the paternal feudal lord who considered it his duty to care for his villein tenants. To alter the conditions of life by paying higher wages is usually beyond his individual power, and he is not likely to do so in any case. He is willing to give to the workers out of the wealth which he receives many of the things which he thinks they ought to have. He is not even willing to give them money outright as private largess, because he fears that they would not spend it wisely.

We find, then, as a striking phenomenon of the capitalist system, "philanthropy" in all its forms. The conspicuous gifts of libraries and universities are familiar to everyone, but it is the so-called "welfare work" which touches the working class most directly. The building of model tenements, the establishment of clubs and lunch rooms, sick benefit funds and the Christmas turkey all supply the beneficiaries with things desirable in themselves, but it is questionable whether the consequent loss of independence and self-reliance does not outweigh any possible benefit received. The danger is all the greater when, as is usually the case, the gift is made in such a manner as to increase the power of the giver over the lives of the work-people. This feudal assumption of personal responsibility for the social life of others effectually destroys all feeling of collective responsibility, and makes the worker a slave in his social as well as his economic relations. It is not surprising that the workingman should resent this social dictation, nor that he should be charged with base ingratitude toward his generous benefactor. Neither side is capable of understanding the motives and feelings of the other. The matter may perhaps be put in a clearer light by instancing the case of the benevolent capitalist who logically carried his welfare plans a step

higher in the social scale and announced that he would furnish saddle horses for the free use of all his employees who were receiving salaries of $2,000 or over. He was much chagrined when the employees informed him that they would much prefer an increase of salary.

Social responsibility: While there is little direct responsibility to be attached to any individual in the present social order, and while it is not desirable for any individual to assume such responsibility, we must recognize a collective responsibility, in which we share as individuals, for the existence and perpetuation of evil and unjust conditions. Responsibility can only be attached to a man in his capacity as a member of society. His will and individuality can only be effectively expressed through the social organization, and a form of society which is composed of antagonistic classes is a very imperfect medium for the expression of whatever sense he has of personally sharing in the collective responsibility.

Perhaps the greatest social advantage which results from the class consciousness of the workers, and the organization based upon it, lies in the fact that they offer the most serviceable medium for the expression of this sense of personal participation in the collective responsibility for evil and unjust conditions. The working class is so numerous that its organization offers to the individual, even though he does not belong to the working class, the most effective medium through which to express his sense of being a sharer in the collective responsibility for the ills of society, and the most efficient method of contributing to their removal. Class ethics may not be the highest ethics imaginable, but the ethics of the class in revolt, which is organized to abolish classes and class rule, is the highest attainable here and now, and, therefore, the most efficient ethics. When the means of production and exchange have been made subject to social ownership and control, their advantages socialized and classes abolished, the machinery of the class-less State will make possible the perfect expression of the individual's sense of sharing every social responsibility.

SUMMARY

1. Socialism and individualism are not antithetical concepts. Individuality can only be expressed through the medium of social organization.

2. Under capitalism there is little opportunity for the development of individuality either among the poor or among the rich.

3. Class education forms habits of thought which restrict individuality and the power of self-expression.

4. The conscious organization of the working class offers the best medium for personal participation in the collective social responsibility.

QUESTIONS

1. What limitations upon individual activity must be imposed by any social group?

2. What is the effect of inequality in social position upon individuality?

3. How does capitalist society restrict the freedom of the workingman? That of the capitalist?

4. Discuss the social effect of philanthropy.

5. What are the conditions of effective social responsibility?

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PART II

SOCIALIST THEORY

CHAPTER VII

INTRODUCTORY

The influence of Karl Marx: As we turn from the Socialist criticism of existing society to the more positive aspects of Socialism we encounter the personality of the greatest thinker and most powerful influence in the history of Socialism, Karl Marx. Professor Thorstein Veblen has said: "The Socialism that inspires hopes and fears in the world to-day is of the school of Marx. No one is seriously apprehensive of any other so-called socialistic movement, and no one is seriously concerned to criticise or refute the doctrines set forth by any other school of 'Socialists.' The Socialists of all countries gravitate toward the theoretical position of avowed Marxism. In proportion as the movement in any given country grows in mass, maturity and conscious purpose, it unavoidably takes on a more consistently Marxian complexion."[1]

The greatness of Karl Marx is freely admitted by the most implacable opponents of Socialism as well as by its most ardent advocates. The words "Socialism" and "Marxism" are practically synonymous in the vast literature of the subject which has been produced during the last thirty or forty years. Whatever modifications his followers may have made in his theories, or may yet be compelled to make, one fact stands undisputed by friend or foe, namely, that the great international Socialist movement finds in those theories its justification, its intellectual weapons for defense and attack, the rationale of its aspirations toward a better and happier state of society and the bedrock of its assurance in the ultimate attainment of that goal.

Saint-Simon, Fourier and Owen: It is commonly said that Marx found Socialism a Utopian movement and transformed it into a scientific movement. Prior to Marx Social-

[1] *Quarterly Journal of Economics*, XXI, p. 299

ism was the name given to a variety of communistic schemes devised and advocated by men who regarded themselves as the discoverers of the true remedy for all social ills. For our present purpose it will be sufficient if we regard the Utopian method as represented by the three great Utopians of the early part of the nineteenth century, Saint-Simon and Fourier in France and Robert Owen in England.

These names are of special significance to us in this study. It was the Saint-Simonian form of Socialism which first awakened the interest of Marx; it was here in the United States that the principal Fourierist experiments were made, enlisting so many of the most brilliant minds of the latter part of the first half of the nineteenth century; it was to the schemes of Robert Owen that the word "Socialism" was first applied, in 1833, and Owen also made his most ambitious experiment in the United States, at New Harmony.

But there is another and weightier reason for the grouping together of the three names. It enables us to avail ourselves of the masterly description of Utopian Socialism by Frederick Engels, perhaps the most lucid brief statement of the matter ever written. He first describes how the French philosophers of the eighteenth century, the forerunners of the Revolution, proclaimed the "Kingdom of Reason" and refused to recognize any authority other than that of reason in religion, ethics, natural science, politics, or anything else. By reason they judged society and all its institutions. They condemned society as a whole and every existing social institution as irrational. What was needed was a Kingdom of Reason, the rule of Eternal Truth. Engels then proceeds to show that the Utopian Socialists, while holding a very different objective ideal from that of the eighteenth century philosophers, shared their philosophy.

"One thing is common to all three. Not one of them appears as a representative of the interests of the proletariat, which historical development had, in the meantime, produced. Like the French philosophers, they do not claim to emancipate a particular class to begin with, but all humanity at once. Like them, they wish to bring in the kingdom of reason and eternal justice, but this kingdom, as they see it, is as far as heaven from earth from that of the French philosophers.

"For, to our three social reformers, the bourgeois world, based upon the principles of these philosophers, is quite as irrational and unjust, and, therefore, finds its way to the dust-hole quite as readily as feudalism and all the earlier stages of society. If pure reason and justice have not, hitherto, ruled the world, this has been the case only because men have not rightly understood them. What was wanted was the individual man of genius, who has now arisen and who understands the truth. That he has now arisen, that the truth has now been clearly understood, is not an inevitable event, following of necessity in the chain of historical development, but a mere happy accident. He might just as well have been born 500 years earlier, and might then have spared humanity 500 years of error, strife, and suffering."

With such a basis it was inevitable that Utopian Socialism should take the form of moral judgments, denunciations of the wickedness and selfishness of the rich and powerful on its critical side, and of colonizing schemes on its positive side. Fourier waited one hour at noon every day for twelve years for the coming of a philanthropist with the gift of a million francs, with which the happiness of the human race would be secured. The pathetic picture illustrates the essential feature of Utopian Socialism—the perfect plan had been devised; only the money was lacking. Once adopted, the plan would end poverty, misery and all other social evils.

The Marxian synthesis: Marx began his career as a Socialist by assailing the ideological basis of Utopian Socialism. More than a decade before the publication of the epoch-marking discoveries of Charles Darwin and Alfred Russell Wallace, and long before Herbert Spencer, then a young man in his twenties, had been heard of, he was applying the theory of evolution to society, and assailing the very foundations of Utopianism.

With the publication of the *Communist Manifesto*, in 1848, arose a new school of Socialism which laughed all the fanciful schemes of communistic colonization to scorn and based its whole argument for and faith in a better society upon the broad fact of evolution. The Darwinian theories greatly aided the development of this new school by establishing

the fact of evolution, and it was at once natural and proper that the new school of Socialism should claim to be scientific. Marxian Socialism is therefore internationally known as scientific Socialism in contradistinction to Utopian Socialism.

The philosophical basis of Marxian Socialism consists of a synthesis of three distinct but correlated theories. The first, which Marx called the materialistic conception of history, explains the motive force in social evolution, its causation; the second, the class struggle theory, explains the mode of social evolution as distinguished from its causation; the third, the theory of surplus-value, explains the basis and origin of the class antagonisms in present society, and the development of society in the direction of Socialism. It is with this philosophical synthesis we are concerned at this stage of our study.

SUMMARY

1. The theory of modern Socialism is inseparable from the constructive thought of Karl Marx.

2. The theory of modern Socialism does not admit of arbitrarily constructed Utopian ideals.

3. The philosophical basis of Marxian Socialism is a synthesis of the theories of the economic interpretation of history, of the class-struggle and of surplus-value.

QUESTIONS

1. Discuss the position o. Marx in Socialist thought.

2. What was the earliest meaning of the word Socialism?

3. What is the essential difference between Utopian and Marxian Socialism?

CHAPTER VIII

SOCIAL EVOLUTION

Socialism and the principle of evolution: The principles of scientific Socialism are almost meaningless without a comprehension of the evolutionary character of life and of society. Scientific Socialism studies the evolutionary changes that have taken place in society from the simplest human groups in primitive savagery to the complex world society of to-day. It investigates the causes of the changes which have taken place, and the causes which are operating in the world at present. It recognizes that the evolutionary process is not yet complete, and points out the next step in social evolution, which Socialists believe will be to a world society based upon coöperative production, and coöperative use of natural wealth, for the benefit of all, as contrasted with the present stage of development, in which wealth is produced and used largely for the benefit of a few.

The evolution of social groups is recognized by non-Socialists, but they generally confine themselves to a description of past conditions, without applying the results of their observation in the formulation of social theories, or in the forecasting of the future course of development.

Evolution and revolution: Darwin and his immediate followers believed that evolution was the result of infinitesimal variations in existing forms, which gradually accumulated when they proved of advantage to the individual, and in time resulted in new species. The development of new forms of life would therefore be a process so slow as to be imperceptible except by the comparison of two periods separated by thousands of generations of individuals. A more recent school of biology believes that changes come more suddenly. New environmental conditions cause many members of a species to depart greatly from the type, so that in one generation there are individuals so different from

their parents that they may be classed as a new variety. Some of these individuals, if bred to others of like character, will breed true without reversion to the older type. This is the theory of evolution by mutations of which Hugo DeVries is the greatest exponent. According to this theory, the development of new species, instead of depending upon an incalculably slow process of modification, frequently results from relatively sudden changes. In other words, there are sudden leaps or "mutations" in the process of evolution. This theory has been of great interest to Socialists because by analogy it appears to support the view that social transformation may be relatively sudden, and not conditioned by a slow process of almost imperceptible change.

However conflicting these views may seem to be, they are in fact not conflicting but complementary. Just as Darwin himself "recognized both lines of evolution," that variations might arise suddenly, as De Vries claims, or gradually and almost imperceptibly, so the best thoughts of the modern Socialist movement reconcile both views of social evolution. Revolution is not the opposite of evolution. As nature accomplishes changes by slow and gradual processes, by erosion and climatic cycles covering hundreds of thousands of years, so also it works by sudden changes, earthquakes, volcanic eruptions, and the crashing together of worlds in space.

Socialism, then, recognizes the existence of both gradual and relatively sudden changes in social organization. Whenever forces, physical or social, meet with but slight resistance, the changes they effect are slow and gradual. But when forces are checked by the inertia of the mass on which they work, or by the opposition of other forces, an accumulation of energy results, and when a crisis comes the change is sudden and often catastrophic.

Animal and human societies: Professor Giddings defines sociology as the "science of the natural groupings and collective behavior of living things, including human beings." The lower animals, and even plants, live in groups and have a form of social organization. Among ants and bees this organization is very complex and involves division of labor and indirect processes to a high degree. Evolution was not always the result of struggle and the survival of the strongest

and most cunning, but mutual aid, companionship and coöperation played a large part in the processes of development.

Family life begins far back of human society. The organization of groups for offense and defense and for the gathering of food are so common among animals that examples need not be cited. They will occur to everyone. All these forms of coöperation had their effect on variation and survival, and it was not always the strongest or best adapted individuals who survived, but the forms best equipped with a social nature. When man first appeared he was already equipped with a social heredity of association and coöperation which enabled him, in spite of his naturally defenseless condition, to hold his own in the struggle with other animals.

No existing human society is so low in the scale of evolution as was that of primitive man, but the evidence is conclusive that man was always a "social animal," probably evolving in the form of social groups through the slow stages from anthropoid to man, so that even if we could observe in retrospect the complete process, it would be impossible to fix within a hundred thousand years the time of the appearance of a group form which was distinctly human. But although social evolution had its beginnings far back of the human race, for our present purpose the study of human societies is sufficient.

The social mind: "The mental and moral elements of society are combined in products that are called by such terms as the common feeling, the general desire, the moral sense, the public opinion, and the general will of the community, which it is convenient for the sociologist to name collectively the social mind."[1]

With the development of man and his differentiation into races, society became more and more complex, and in the place of the instinctive habits of lower animals there developed the social mind. The basic ideas which form the content of the social mind are economic. Individual experiences of utility, such as the discovery of the food value of a plant, are developed and communicated by means of association and become the common property of the group. Where useful things were limited in quantity and the supply was

[1] Franklin H. Giddings, *Principles of Sociology*, p. 132.

not equal to the demand the ideas of wealth and value must have entered the primitive social mind. Private property was probably somewhat later in origin.

The necessity of protecting the sources of food supply gave rise to the recognition within the group of a common territory, and the exclusion of other groups from these hunting or fishing grounds. Warfare developed leaders and allegiance, and welded the group into a political organization of a primitive type.

Primitive man began to think and to talk about himself and his environment. The world seemed full of mystery. How could he hunt in a dream when his friends swore that he had not moved? The echo and the shadow puzzled him. The mighty forces of nature awed him. There must be a power greater than himself, and since he could not think of forces as impersonal, he imputed personality to that power. There must be a spirit apart from the body or he could not hunt in his dreams. Thus were evolved the ideas of anthropomorphic gods, spirits and ghosts. His friends slept and afterwards reported dream adventures, so his friends dead had gone away to the "happy hunting grounds" to stay. Thus at a stage earlier than any now represented by even the lowest modern savages, the social mind contained ideas economic, political and religious, ideas which effectually differentiated him from his ancestors.

The family: There is no unanimity of opinion among sociologists as to the form of the primitive family. Practically all forms of the family known among men are to be found also among lower animals. The simplest theory, and one which has never been disproven, is that primitive man lived in a state of practical promiscuity with no form of marriage. It is true that nearly all if not all of the peoples now in existence have some form of marriage, but the tie is often only temporary. There is evidence that every race has passed through a social stage in which the only relationships were those traced through the mother, the obvious reasons being either the failure to recognize the part of the father in the child or the difficulty of determining its paternity. It is doubtful if for one-tenth of the life of mankind paternal relationships have been anywhere recognized.

The most primitive races now living have very elaborate

systems of kinship through the mother, and these systems are remarkably similar between groups in a similar stage of development, no matter in what part of the world they may live. The American Indian, the Australian Bushman and the primitive European all had the same complex maternal family organization.

Perhaps through the conquest of another people and the appropriation of its women, the relation of father to child began to be looked upon as important, and finally modified the mother family to the extent that maternal relationships were often disregarded. It is only in very recent times and in a relatively high civilization that a monogamous family becomes the rule and relationship is traced both through the father and through the mother. A stable monogamous family is a high ideal which is yet far from being fully realized.

The clan: As the children of a common mother recognized their bond of kinship from the beginnings of human society, it was natural to continue the bond from generation to generation and so form the clan or gens. Under this system all descendants through female lines of a common female ancestor, often so remote as to be mythical, were counted as kin, thus forming the social organization next broader than the simple family. It is as though under our system the children all took the name of the mother instead of that of the father from generation to generation, and all persons having the same surname were considered as kin and bound to aid and assist one another in every way possible. A son then belonged to the clan of his mother, but his children belonged to the clan of their mother, and were not recognized by their paternal relatives and were under no obligations to them.

When the transition came from the mother family to the father family, the clan also changed its nature and maternal relationships were disregarded. This form can be more easily understood, for it is the familiar system of Scotland and Ireland, where such clans as the McDougalls and the O'Neills have maintained their organization almost to the present day.

For the purposes of common religious ceremonies from two to five clans sometimes combined into a phratry. The

origin of the phratry was probably the subdivision of a single clan, the various divisions retaining memories, and, later, traditions, of their former unity.

The tribe and the confederacy: The ancient clan was too weak in numbers to engage in war or to inspire respect in the minds of possible enemies, so a number of clans were united into a tribe. The tribe was organized under the leadership of its elders and its own war chiefs and occupied a fairly definite territory when not migrating from one section to another.

The more advanced peoples were still further organized into tribal confederacies, such as the league of the twelve tribes of Israel and that of the Iroquois. These confederacies were the highest forms of political organization attained in savage or barbarous society and sometimes attained to the proportions of powerful states.

Probably the best example of tribal organization based upon kinship is that of the Iroquois as described by Lewis H. Morgan. About the time of the first Dutch Settlement, five Indian tribes, occupying a territory now included in the State of New York, formed a league or confederacy. In 1715 a sixth tribe, the Tuscaroras, was admitted, but not to full equality.

Primitive communism: In tribal society there was no conception of private property other than that directly associated with the person. Much of the trouble between the whites and the Indians of America has been due to the failure of the Indian to comprehend our idea of private property in land. In tribal communism any object not in use is looked upon as common property. The spoils of the chase are always impartially divided, and the hoarding of food or other useful things is not tolerated. Even dwellings are rarely private. Among the Iroquois the members of the same clan living in the same village occupy one communal dwelling. Even the lazy are in no danger of starvation. They are welcome to share in the food provided in any lodge, but they are obliged to suffer scorn and abuse from their hosts, especially from the women.

The ideas of primitive communism are hard to eradicate. They survive in the universal hospitality of all simple folk the world over. The Russian *moujik* cannot be reconciled to

the division of the communal lands of the *mir*. The "thieving propensities" of the Southern negro do not come from a criminal nature, but from the failure of a simple barbarous people fully to appreciate the conception of private property.

Private property: In order that anything may become private property it must not only be appropriated by an individual, but society must acknowledge his right of possession. The only forms of individual property so sanctioned by society under tribal communism were weapons, personal ornaments, and trophies of the chase or of war. As society became more complex, the elders of tribes and war-chiefs were permitted to appropriate more than a proportional share of the booty of a successful raid. When war captives began to be kept alive as slaves instead of being killed, the custom arose of considering them as the private property of the chief. It is only under civilization that private property in land appears. Land ownership by groups and families leans naturally to ownership by individuals. Private property in the social means of production aside from land is almost entirely the product of capitalist society. Never before, except in agricultural and great building operations, were armies of men employed in producing for individual owners of the means of production.

From savagery to barbarism: Morgan[1] divides the process of social evolution into three main epochs—savagery, barbarism and civilization. Savagery and barbarism in turn may be divided into three main stages—lower, middle and upper. As in the case of all forms of evolution, progress is slowest in the earlier stages, and it has been estimated that nine-tenths of the life of the human race has been spent in the epoch of savagery and about one-hundredth only in the epoch of civilization.

The first stage of savagery alone probably lasted longer than all subsequent stages of human evolution combined, so that while the progress made by mankind in this stage was very slow, the absolute gain was very great. No race of to-day is so low as the first stage of savagery in which mankind still lived in the tropical forest, probably in trees, and subsisted on fruits, nuts and roots, and probably raw meat and fish. During this period man first developed

[1] *Ancient Society*, by Lewis H. Morgan, p. 9 *et seq.*

articulate speech and learned to use clubs and stones for defense and attack.

With the discovery and control of fire begins the middle state of savagery. Coincident with this great advance comes the use of rough chipped stone implements. Discovery and invention thus enabled the savage to enlarge his menu and to make his food more palatable by cooking. The lowest tribes of to-day are living in the middle stage of savagery.

The higher stage of savagery is marked by the use of the bow and arrow, wooden vessels and utensils and polished stone implements. Many Asiatic and African tribes are still in this higher stage of savagery as were our own North Western Indians until comparatively recent times.

From barbarism to civilization: The transition to barbarism was marked by the invention of pottery, which was probably first made by covering wooden or wicker vessels with clay and burning out the wood. In this stage animals were domesticated and agriculture began. Most of the North American Indians were in the lower stage of barbarism at the time of the settlement of the country by Europeans, and not savages as is generally supposed.

In the middle stage of barbarism, represented by the Indians of Mexico and Peru, agriculture was further developed and dwellings were built of stone and sun-dried brick. The softer metals were known and used. In the East the middle stage of barbarism is represented by such nomadic groups as those of Abraham and Jacob before the Egyptian captivity.

The higher stage of barbarism begins with the smelting of iron. It is the age of mythology and epic poetry, the age of the Homeric poems and the Norse Sagas.

These stages have differed in different parts of the world only in so far as the natural environment has differed. In regions where metals were rare the development of metal working was slower than that of agriculture and pottery. By reason of their invention of a primitive calendar and their near approach to a written language, the Mayas of Yucatan might perhaps be classed as barbarians of the higher class, or even as approaching civilization, although they had not learned to smelt iron.

It is only with the development of a written language, as distinguished from primitive picture writing, the destruction of social organizations based upon kinship, the wider utilization of natural and manufactured products, and the beginnings of science that we have civilization. The first known civilizations originated in Egypt and Babylonia about the year 4000 B. C. These early civilizations were but beginnings and were participated in by only a small part of the people in the countries in which they arose.

Ancient civilization: The elements of culture developed in the valleys of the Nile and the Tigris-Euphrates were appropriated successively by the other peoples of Southwestern Asia and the Mediterranean basin, and received new additions through the varied experiences of the different peoples, until the new civilization culminated in the magnificent literature, art, architecture and philosophy of the Age of Pericles in Greece. But ancient civilization was never the possession of the many. Culture, refinement, art and literature are impossible without leisure and freedom from drudgery. Ancient civilization was built on slavery. Athens, so far as its 20,000 citizens were concerned, was nearer the Socialist ideal than any equally large community before or since, but the slaves, who probably numbered nearly 200,000, were entirely outside the Athenian civilization, and were simply the labor-saving machines which made that civilization with its culture possible. The complete separation of culture and civilization from production ultimately led to the degeneration of the leisure class, which, enervated by luxury and dissipation, could not retain its power. The development of philosophy was checked by a wave of oriental mysticism. Rome then became the leader of civilization, but the conditions of its environment led to conquest and empire with the consequent development of law and administration, rather than literature and art. Then came the infiltration and, finally, the invasion of the empire by the barbarian North, and the slow process of the absorption and democratization of ancient civilization by the whole population of Europe, a process in which the medieval church played a prominent part.

Modern civilization: From one point of view, the Middle Ages seem no more advanced than the first stages of civiliza-

tion in Egypt. As in Egypt, almost the only scholars were priests and monks, and the mass of the people were barbarians. The same course of development and adaptation had to be repeated, but on a far larger scale. Little of real value was lost, but instead of twenty thousand Athenians, there were millions of Europeans to civilize and two thousand years were needed to accomplish the task. Modern civilization is in some respects no higher than that of Greece, but it is on an infinitely grander scale. Its greatest original achievements are its science and its control of the forces of nature. As before we must have leisure and freedom from drudgery in order to become civilized, but for the first time in all the history of man the time has come when machines can be made to do the drudgery, and the powers of man released, so that he may develop a real civilization which all may enjoy, and not merely a favored few.

SUMMARY

1. Modern Socialism finds its justification in the principles of universal evolution, and its hope for the future is based upon its interpretation of the past.

2. The earliest human society was based upon kinship and primitive communism. From these beginnings Society had slowly evolved into the complex world civilization of to-day.

3. The main stages of social evolution are savagery, barbarism and civilization. Civilization begins with the destruction of kinship organization and the development of written language.

4. Ancient civilization was the possession of the few and had its economic basis in slave labor. Modern civilization is the possession of the many and is based upon machine production.

QUESTIONS

1. Why do modern Socialists consider the principle of evolution as a necessary part of their theory?

2. What special significance do Socialists find in the "mutation theory" of De Vries?

3. What is meant by the "social mind"?

4. Explain the probable origin of the clan or gens.

5. Give examples illustrating the survival of the spirit of primitive communism.

6. What was the probable origin of private property?

7. What are the characteristic features of each of the stages of savagery? Of barbarism?

8. What are the essential features of civilized society?

9. What are the essential differences between ancient and modern civilization?

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CHAPTER IX

THE ECONOMIC INTERPRETATION OF HISTORY

The motive forces in social evolution: So far we have been outlining roughly the evolution of society from savagery to civilization. The next question is "Why have these changes taken place?" The problem is complex. Man has always lived in society and has been obliged to adapt himself to his social environment, and the social group in turn has always occupied some part of the earth's surface in a physical environment to which it has been obliged to adapt itself. The climate, soil, contour of the land, presence or absence of water, the flora and fauna have all had their influence upon man, and man has also modified his environment.

Many writers have ascribed the changes in social organization to man's own will and to the influence of great leaders. But while it is true that men sometimes rise above their environment, the "Great Man Theory" minimizes the limitations of environment, both social and physical. Other writers have gone to the opposite extreme and attempted to interpret history by the physical environment alone, leaving out of consideration the influence which men have been able to exert over their own destiny by modifying their environment.

The Socialist theory: Modern scientific Socialism has for its philosophical basis the Marxian theory of historical development, which many Socialist writers of the present day call the Economic Interpretation of History. Marx and Engels, who were the first to develop the theory, called it the Materialistic Conception of History. The advantages of the former term over the latter are, first, that the specific term "economic" is more accurately descriptive than the term "materialistic," and, second, that it obviates the misunderstandings which arise from the confusion in the popular

mind of the word "materialistic" with the doctrines of philosophical materialism. The essence of the theory is that the rate and direction of social evolution are mainly, but not exclusively, conditioned by the development of the methods of production and exchange. It does not exclude other factors, but subordinates them to the economic factor.

Origin of the theory: While it is true that earlier writers laid the foundations of the theory of the economic motivation of society, or anticipated it, Karl Marx was the first to formulate it and cause it to be recognized as a theory of great philosophical importance. This is probably his greatest single contribution to the thought of the world.

The first indications of the theory in any of the writings of Marx are to be found in his little known work, *Die Heilige Familie,* which was published in 1845. But it was not until the publication of his *Contribution to the Critique of Political Economy,* in 1859, that he attempted to elaborate the theory. In the preface to that work Marx wrote:

I was led by my studies to the conclusion that legal relations as well as forms of state could neither be understood by themselves, nor explained by the so-called general progress of the human mind, but that they are rooted in the material conditions of life, which are summed up by Hegel after the fashion of the English and French of the eighteenth century under the name "civic society"; the anatomy of that civic society is to be found in political economy. The study of the latter which I had taken up in Paris, I continued at Brussels whither I immigrated on account of an order issued by Guizot. The general conclusion at which I arrived and which, once reached, continued to serve as the leading thread in my studies, may be briefly summed up as follows: In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness.[1]

Marx proceeded to illustrate the value of the theory as a method of historical interpretation by sketching in bold and

[1]*A Contribution to the Critique of Political Economy,* by Karl Marx, translated from the second German edition by N. I. Stone, p. 11.

vigorous outline the interrelation of economic methods and social and political institutions:

> At a certain stage of their development, the *material forces* of production in society come in conflict with the *existing relations* in production, or—what is but a legal expression for the same thing—with the property relations within which they had been at work before. From forms of development of the forces of production these relations turn into their fetters. Then comes the period of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations the distinction should always be made between the material transformation of the economic conditions of production which can be determined with the precision of natural science, and the legal, political, religious, æsthetic or philosophic—in short, ideological forms in which men become conscious of the conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so can we not judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must rather be explained from the contradictions of material life, from the existing conflict between the material forces of production and the relations of production. No social order ever disappears before all the productive forces, for which there is room in it, have been developed; and new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society. Therefore, mankind always takes up only such problems as it can solve: since, looking at the matter more closely, we will always find that the problem itself arises only when the material conditions necessary for its solution exist or are at least in the process of formation.[1]

Delimitation of the theory: Marx and Engels sometimes, in controversies with their critics, over-emphasized the influence of the economic factor in social evolution and made their statement of the theory too absolute. This Engels himself freely admitted toward the close of his life. Thus, in 1890 he wrote to a student: "Marx and I are partly responsible for the fact that younger men have sometimes laid more stress on the economic side than it deserves. In meeting the attacks of our opponents, it was necessary for us to emphasize the dominant principle denied by them; and we did not always have the time, place or opportunity to let the other factors which were concerned in the mutual action and reaction get their deserts."[2] In another letter he says: "According to the materialistic view of history,

[1] *Idem*, pp. 12–13.

[2] Quoted from the *Sozialistische Akademiker*, 1895, by Seligman, *The Economic Interpretation of History*, pp. 142–143.

the factor which is *in last instance* decisive in history is the production and reproduction of actual life. More than this neither Marx nor I have ever asserted. But when any one distorts this so as to read that the economic factor is the sole element, he converts the statement into a meaningless, abstract, absurd phrase. The economic condition is the basis, but the various elements of the superstructure—the political forms of the class contests, and their results, the constitutions—the legal forms, and also all the reflexes of these actual contests in the brains of the participants, the political, legal, philosophical, theories, the religious views . . . —all these exert an influence on the development of the historical struggles, and in many instances determine their form."

From these statements of the theory by its originators it will be seen that it is no part of the theory that every phenomenon of social evolution can be explained by economic facts, or traced to economic causes. Much of the criticism which has been directed against the theory has rested on the assumption that it involved a denial of influence to all other factors. The economic interpretation of history may be defined as the theory that the rate and direction of social progress are determined mainly, but not wholly, by the economic conditions existing—principally the methods of producing wealth and the social relations which these involve.

Economic interpretation and religion: The theory has been especially subject to attacks and misrepresentations because of its assumed hostility to all forms of religious belief. On this point its dogmatically atheistic friends and its dogmatically religious enemies have been equally guilty of misunderstanding and misstating the subject of discussion. Religion is, fundamentally, man's attempt to put himself into harmonious relation with, and to discover a satisfying interpretation of, the forces of the universe. The more incomprehensible those forces, the greater man's need of an explanation of them. The Marxian theory does not deny that men have been benefited by seeking an interpretation of the universe, or that the quest for such an interpretation is compatible with rational conduct. It does not offer any answer to the great questions, Whence? Why? Whither? which mankind in all stages of its development has

asked concerning life itself and the universe, the answers to which it has made the framework of its religion. Nor does it deny that such questions may be answered. The theory does not include these questions and, therefore, cannot in any sense be regarded as a substitute for religious belief.

The bearing of the theory upon religion is purely interpretative. Marx in his work could not ignore such an important and universal phenomenon as religion. He saw that the religion of a people, like their laws and their politics, always bears a marked relation to their mental development and their special environment. The savage ascribes personality to everything which exhibits phenomena which he cannot otherwise explain, and thus develops an animistic philosophy involving every striking fact in his environment. To the Israelites of the formative period Jahve was a tribal god, similar to the gods of other tribes about them, but fortunately more powerful. With the development of the national spirit, Jahve became a King and Supreme Lord of the Theocracy. In times of oppression and war Jahve was a God of Battles, while under other conditions be became a God of Peace.

In almost every religion, the conception of the future life is, in its early stages at least, an idealized reflex of the terrestrial life. A hunting tribe believes in a future life in which game is plentiful. A people accustomed to disagreeable labor and poverty looks forward to a future life of ease and luxury. The earthly hierarchy is reproduced in the heaven, and a society of caste is included in the concept of heaven when it exists below.

It is not a denial of the truth of any form of religion to give a rational explanation of its origin and the forces shaping its development. It is not a denial of the doctrines of the Roman Catholic Church to explain its form of organization and the statement of its creed by the conditions attending its origin and development within the Roman Empire, its political function as the successor of the Empire in Western Europe, and the economic environment of feudalism. Neither do we deny the benefits resulting from the Protestant revolt by attributing the revolt itself to economic conditions, rather than to the personality and genius of Martin Luther. Students of comparative religion and Biblical

criticism find the method of economic interpretation as helpful and illuminating as do the students of history and politics.

Economic interpretation and "free will": It has been charged that the economic interpretation of history denies the freedom of the will and presents a fatalistic view of society. This charge arises from a misconception of the basis of the theory. It is not a theory of the motives of individuals, but an explanation of the actions of social groups. We simply say that a social group will adapt itself to economic conditions or perish. When the game in a certain district is killed off, the primitive inhabitants must turn from hunting to fishing, or to a vegetable subsistence. Any individual is perfectly "free" to continue his hunting, but the chances are that he will starve to death.

The point may be illustrated by the theories of mass statistics. It is safe to predict that approximately 500,000 people will travel in the New York subway to-morrow, but no individual is thereby compelled to breathe bad air. Anyone is perfectly free to stay at home or to walk, without appreciably affecting the business of the Interborough Rapid Transit Company. The economic necessity of earning a living, however, and the fact that for a million of people the subway is the most rapid and convenient means of reaching the business districts where they are employed, combine to make the use of the subway definitely predictable.

As a matter of fact, the amount of "free will" which we enjoy is vastly over-estimated. A very large part of the actions of our individual lives are determined by the necessity of making a living. The bookkeeper does not add columns of figures ten hours a day because he loves the work, nor does a miner dig coal because he prefers fire damp to pure air. Even our choice of occupations is not entirely a free one. The chances are strong that the son will follow the same general line of work as the father. The lawyer's son may become a lawyer, a physician, or an engineer, but he is not very likely to become a laborer, except as a result of failure at some other chosen task. Likewise, our religion is rarely our free and deliberate choice. The chances of a Jewish child entering the Roman Catholic Church are slight,

but a child of Roman Catholic parents is very likely to follow his parents into that church.

Economic interpretation and ethics: According to the theory of economic causation, the economic basis of any society is largely influential in determining its moral consciousness. That which is immoral and socially condemned is that which is conceived to be harmful to the social group, either in the present or in the future. Since any interference with the prevailing method of gaining a livelihood must threaten the life of the group, conformity to the conceived economic interests of a group becomes its standard of virtue. Thus in primitive societies virtue involves loyalty to fellow tribesmen and the slaughter of enemies, physical strength, courage, sacrifices to the mysterious powers which control subsistence, and, where living conditions are very hard, the killing of the aged and infirm. In more advanced societies, respect for the private property of men in goods, slaves and wives becomes virtuous. As economic life becomes more complex, the moral code is expanded, involving a multitude of social relations unknown to men of an earlier stage of social development.

Class ethics: Just as the vertical division of society into tribes and nations results in tribal and national moral codes, so the horizontal stratification of society into social classes brings about distinct class ethical codes. When it was immoral to kill a freeman it was no infraction of the moral code, no offense to the prevailing moral sense of the group, to kill a slave. The feeling of solidarity and common interests involves only the class, and since in a class state it becomes almost impossible to conceive of any action which would benefit all classes equally, the classes come to have divergent codes of ethics. But it is always the ethical code of the ruling class which constitutes the recognized standard of morality at any given time. In the words of John Stuart Mill:

"Wherever there is an ascendant class, a large portion of the morality emanates from its class interests and its class feelings of superiority. The morality between Spartans and Helots, between planters and negroes, between princes and subjects, between nobles and *roturiers*, between men and women, has been for the most part the creation of these class interests and feelings."[1]

[1] John Stuart Mill, *On Liberty.*

The capitalist regards as virtuous honesty and fidelity to terms of contracts as between members of his class, and on the part of others toward members of his class, but is not strongly condemned by his fellows for himself breaking a wage agreement or for fleecing a "lamb" on the stock market. Charity is a virtue, and direct personal injury, even to a worker or any of his family, is wrong; but undermining the health, destroying the lives and impoverishing the workers in the "legitimate" pursuit of business does not infringe the moral code.

The wage-working class is also developing a code of ethics based on class loyalty, class solidarity and class consciousness. The wage-worker regards as virtuous strict fidelity to class interests and consistent opposition to the special interests of the capitalists, and detests the "scab" as a traitor to his class. The divergence of the ethical standards of the two classes is very clearly shown by the newspaper comments on the occasional acts of violence by strikers and their sympathetic allies. An assault upon a strike-breaker is regarded with horror by the capitalist press, while in the labor press it is very often condoned and excused. The strike-breaker has violated class ethics in a struggle which involves the most fundamental interests of the strikers and their families. The law does not enforce the ethical code of the working class because it is the subject class, and the law always reflects the ethical concepts of the ruling class. So the striking workman must either submit to defeat through the employment of men of his own class who violate its ethics, or resort to the primitive methods of enforcing the moral code.

Superiority of working class ethics: While any code of class ethics must necessarily have many shortcomings, the ethical code of the working class is infinitely superior to that of the capitalist minority. It is superior, in the first place, because it is formulated in the interest of the great majority, while the ethical code of the capitalist class is formulated in the interest of a minority. It is superior, in the second place, because it assails with the greatest force of numbers possible in a class state the evils which injure the greatest number of persons. The well-being of the mass of mankind is advanced in proportion to the degree in which the ethical code which

reflects the interests of an increasing proportion of the whole mass is recognized. This is only another way of saying that the maximum of satisfaction will result from the moral code which is the reflex of the maximum of human interests. As an ideal no ethical code based upon class dominance can satisfy. The perfect ethical code will not be bounded by class interests. The ethical code of the working class is the nearest approach to that ideal we have yet attained, for it reflects the largest proportion of the totality of human interests.

Economic interpretation and law: In primitive society the ethical code was established by custom and its violation punished directly by the group. As society becomes more complex, custom develops into law which defines in detail the interrelations of men and states. Laws vary infinitely according to time and place, and their form and content are determined largely by the economic interests of the law-making class. Laws not only reflect the economic and social conditions of the time, but are designed for the purpose of preserving those conditions in so far as they are regarded as being necessary to the maintenance of the rule and power of the ruling class. This fact was frankly asserted in the class legislation of all ages previous to the capitalist era. The slave or the serf received little or no consideration, even when in the majority. Law is therefore essentially conservative, lagging behing the social advance and rarely recognizing a new condition until it has become established through force or the effective threat of force.

The laws of capitalist society are likewise designed to preserve the existing conditions essentially unchanged. The greater part of our legal codes are taken up with rules for the protection and definition of private property. The assumption that all men are equal before the law is made to operate in favor of the property-owner, since the machinery of the law is chiefly concerned with his protection, and does not recognize the weaker position of the poor litigant who cannot employ the best legal talent.

Class influence upon legal codes: The influence of class is strongly marked in all our legal codes. The old principles have been strengthened with every change in property forms, but the corresponding interests of the wage-workers

have been neglected. In the matter of the wage contract and the responsibility of the employers for the dangers of employment the law rarely interferes, except in a half-hearted way, while the minutest details of property rights are covered by statutes. When a law is made to apply to both labor and capital, as in the case of the Sherman Anti-Trust Act, it is enforced against labor, but is ineffective against capital.

Thus are laws enacted and enforced in conformity with the economic interests of the dominant class, and the only progressive steps taken conform to the recognized economic interests of the majority, the working class, which, in the countries where manhood suffrage obtains, is able to obtain concessions by effectively threatening the supremacy of the ruling class.

The great man in history: To what extent are individuals responsible for great social changes? No one denies that Napoleon Bonaparte influenced the course of European history, or that Karl Marx influenced the development of the Socialist movement. But a man in the present day, having all the qualities and gifts of Napoleon, could not influence the history of Europe in the same way or to the same extent. If Karl Marx had lived before the Industrial Revolution he would not have formulated the Socialist theories which are associated with his name. On the other hand, Europe would have developed in political and industrial organization substantially as it has done if Napoleon had never left Corsica, and there would have been a Socialist movement and an economic interpretation of history if Marx had never lived. It is only when economic conditions are ripe that individuals appear to exert a determining influence upon historical developments. Great individualities which profoundly influence the course of historical development do not exist of themselves, independent of conditions. They are the products of favorable combinations of economic and social circumstances, of a perception of needs formed in the matrices of such combinations of circumstance, or of crises which conduce to the highest development of qualities of initiative and leadership which would otherwise either remain dormant or be directed to other ends. There are certain limits between which a man may freely act and within

whicn he may succeed, but these limits are defined by economic and social conditions. Even the limited area of freedom indicated is in fact still further restricted by such factors as heredity.

Marx tells of an inventor who devised a multiple loom as early as the fifteenth century. Perhaps in one sense he was greater than Hargreaves, but the economic conditions were not ripe for such a loom and the man was put to death and his invention destroyed. When the domestic system had developed and the embryonic capitalist forms were ready then the power loom was developed, and its inventors have been universally acknowledged as great men.

Applications of the theory to American history: The greatest value of the theory of the economic interpretation of history lies in the fact that by means of it we can explain the origin and development of the various stages of social evolution and their relation to each other. In the preceding chapter we have sketched the main lines of social evolution and seen that each fundamental change in the organization of society, and even each general advance in culture, arose from changes of an economic character to which they can be traced with practical certainty.

But while this is the chief value of the theory, it also has value as an explanation of a large part of the important specific events of history. For our present purpose it will be sufficient to consider, briefly, a few of the most conspicuous events in American history in the light of the theory.

It was the commerce of the handicraft stage, checked by the pastoral barbarians of Turkey and Persia, which led to the imperative demand for a new route to India and sent forth such adventurers as Columbus, Vasco da Gama and John Cabot. The Norse discovery of America about the year 1000 was futile and without influence upon the development of Europe because there had not yet arisen the need for a new outlet for trade and colonization.

Every war which the United States has fought has been of economic origin. The Revolutionary War was due to the economic exploitation of America by England. The war of 1812 was due to England's interference with our commerce. The Mexican War was due to land hunger on the part of the agricultural South which was losing in the competition with

the industrial North, a competition more bitter even than that which preceded the Protestant revolt in Europe because it was between the agricultural stage of social evolution and the industrial stage, whereas in the earlier European struggle the conflict was between two stages very much nearer to each other, the agricultural stage and the handicraft stage. The South must extend its area and its institutions, including slavery, or be crushed by the North. Mexico was the unhappy victim. The Civil War, while it arose over the right of secession, apparently an exclusively political question, was in reality the culmination of the same great struggle between two different and widely separated economic stages, the agricultural and the industrial, and ended, as was inevitable, in the victory of the higher stage. The Spanish-American War was fundamentally due to the prevention of the free development of the Cuban sugar industry through Spanish misrule, and the consequent interruption of a profitable American trade.

Objections to the theory: The principal criticisms of the economic interpretation of history can be grouped as follows: (1) the alleged antecedence of social organization to the economic environment; (2) the claim that the theory is an insufficient explanation of the facts; (3) the claim that it is "sordid."

Concerning the first criticism, it is a sufficient reply to state the fact that the question of the priority of society or environment is not involved in the theory. No social change can take place without the existence of both society and environment. A certain amount of variation is possible in a static environment, but when environmental changes take place it is the best adapted forms which survive the new conditions. Social groups can also transform their environment within narrow limits, as Holland has been transformed by its people and as the desert is made productive by irrigation. But it is just in these cases that environmental influence is most pronounced. Everyone knows how the history of Holland has been conditioned and determined in conformity with its economic conditions, and irrigation at once makes possible the existence of a civilized society where it was not possible before.

The second criticism, that the theory is insufficient as an

explanation, is only valid when directed against exaggerations of the theory. The criticisms of Eduard Bernstein and other members of the "Revisionist" group within the international Socialist movement, for example, apply not so much to the theory itself, as Marx and Engels developed it, as to the crude applications of it by some of their disciples. As Frederick Engels himself has remarked, "It is unfortunately only too common for a man to think he has perfectly understood a theory and is able forthwith to apply it, as soon as he has made the chief propositions his own."[1]

It may be freely admitted—as Engels himself has done—that in their earlier statements of the theory Marx and Engels were not always careful to make it clear beyond the possibility of honest misconception that they recognized the influence of spiritual and other non-economic factors upon historical development. But he who would either employ or judge a theory must take it in its most developed form, that is, in the form which comprises the fullest and maturest thought of the minds responsible for the theory. Criticisms of the theory which confine themselves to the earlier and cruder statements of it, and ignore the later developments and improved statements of it, is not honest criticism. It may also be admitted that, even in the statements of the theory by Engels toward the end of his life, the sense of proportion is not perfectly maintained, and that the sphere of influence ascribed to spiritual and ideological factors is too limited. But these things do not touch the essentials of the theory. It is a sufficient reply to the objection that the theory does not afford a sufficient explanation of the whole progress of human history, to point to the fact that neither Marx nor Engels claimed that it did anything of the sort. It is essentially a criticism directed against a misconception and misstatement of the theory, rather than against the theory itself.

Not much time need be wasted in a discussion of the criticism that the theory is sordid, and that it is unworthy of humanity to attribute its activity and its progress to economic conditions. The question to ask is not "Is the theory pleasing?" but "Is it true?" We might as well deny that the beauty of the rose is made possible only

[1] Engels, *Anti-Dühring.*

through the unlovely soil in which its roots are sustained, as refuse to admit that the finest idealism may be rooted in the commonplace processes of making a living.

General acceptance of the theory: Through the general acceptance of the principle of evolution and the idea of the continuity of the historical process, the economic interpretation of history has gained acceptance far beyond the limits of the Socialist movement. People may differ as to the application of the theory and the conclusions to be drawn from it, but there is no longer any great opposition to the theory in its application to the great social transformations of the past, to religious forms, to ethical and legal codes and to a large number of important specific historical events.

In the light of the theory we are now in a position to discuss the development of the economic organization of society as the basis for a further treatment of Socialist theories and ideals.

SUMMARY

1. Socialists regard economic forces as the chief factors in the bringing about of social change.

2. The Economic Interpretation does not exclude the "spiritual factors"; it is not fatalistic and does not deny free will.

3. The economic factors largely determine religious forms, ethical standards and the content of legal codes.

4. The Economic Interpretation of History applies primarily to the explanation of stages in social evolution, but at the same time it directly explains many specific historical events.

QUESTIONS

1. What was the origin of the theory of the Economic Interpretation of History?

2. Why is the term "economic" preferable to "materialistic" in this connection?

3. What factors other than the economic have influenced history?

4. In what ways have the economic factors influenced religious forms? Ethical codes?

5. How are economic class distinctions reflected in legal codes?

6. What is meant by the "Great Man" theory of history?

7. Illustrate the economic interpretation theory by events in American history. In English history.

8. What are the chief objections to the theory and how do Socialists answer them?

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CHAPTER X

INDUSTRIAL EVOLUTION

The economic stages: Any classification of economic history must necessarily be somewhat arbitrary, for the whole process of development has been subject to variation. In different parts of the world the social groups have lived under varied environmental conditions.

Some writers have divided economic history into stages on the basis of labor forms, as:

(1) Independent or communal labor with slaughter of enemies.

(2) Slavery and serfdom.

(3) Wage-labor regulated by individual contract.

(4) Collective bargaining.

Other writers have taken the process of exchange as the basis of classification and describe three stages:

(1) "Truck" or barter economy.

(2) Money economy.

(3) Credit economy.

Perhaps the most common classification is that based on production and the increasing control of man over nature. The division is into five stages:

(1) The stage of direct appropriation.

(2) The pastoral stage.

(3) The agricultural stage.

(4) The handicraft stage.

(5) The industrial stage.

Finally, the German economist, Buecher, classifies economic history on the basis of the development of the economic unit:

(1) The stage of household economy.

(2) The stage of town economy.

(3) The stage of national economy.

(4) The stage of world economy.

These classifications are not at all conflicting, and all are

suggestive. The two last classifications, however, best explain the historical process.

The stage of direct appropriation: This is the primitive stage of human development in which man lived by hunting and fishing, and by the vegetable foods, such as nuts, fruit and roots, which could be obtained without cultivation. It corresponds to the epoch of savagery in social evolution. Exchange and the transfer of goods are unimportant. Primitive communism is the rule and there are no sharply marked social classes.

There is a marked difference between tribes in this stage who live chiefly by hunting and those who life chiefly by fishing or subsist on a vegetable diet. The hunting tribes are more warlike, occupy a larger territory and are generally of a higher physical type. Their dwellings are very simple and usually temporary. Fishing tribes are peaceful and occupy restricted territories near the sea coast. They build permanent dwellings and construct boats and fishing implements.

The pastoral stage: This stage is marked by the domestication of animals, and the care of large flocks of sheep and herds of cattle. Pastoral groups are usually migratory or nomadic, wandering from place to place in search of the best pasturage, and living in tents. This stage corresponds with the middle stage of barbarism in Europe and Asia. The life of the Hebrew patriarchs, Abraham, Isaac and Jacob, as described in the book of Genesis, is a perfect example of life in the pastoral stage.

Slavery became general in the pastoral stage and the conception of private property was greatly extended. Social distinctions became clearer. Men of great wealth like Abraham were powerful chiefs, and were absolute rulers of the households of wives, concubines, descendants, followers, and slaves. Private property in land was not yet generally recognized and there was little commerce. Such commerce as there was took the form of barter.

The agricultural stage: The agricultural stage opens up an entirely new field of activity to man. Having already learned the food uses of fruits, grains, nuts and roots, and how to manage animals, he now combines his knowledge and becomes a plant producer. A denser population becomes

possible. Fertile valleys like those of the Tigris-Euphrates and the Nile become the homes of millions of men. The idea of land ownership first developed in the agricultural stage, although even then ownership by the village community, rather than by the individual, was the rule. Slavery gradually developed into serfdom, a condition of servitude in which the subject enjoyed more privileges than under slavery, but was not free to migrate at will. Commerce grew in importance, mainly because the wealthy class grew in strength and demanded foreign luxuries. The denser population made necessary a more efficient government and more detailed laws. This is the stage of the Babylonian Code of Hammurabi and of the Mosaic law. It was during the agricultural stage that the civilizations of antiquity developed.

The agricultural stage persisted through the early Middle Ages and developed into the so-called manorial economy and its political counterpart, the feudal system. In the thirteenth century the population of England was largely concentrated in villages or manors ruled by a lord, to whom the people were bound. The land of the manor was divided into three great fields which were cultivated in rotation, one always lying fallow. Each *villein* tenant held a strip of land in each of these fields which he was entitled to cultivate and was required to devote a part of each week to the cultivation of the part of the land especially reserved for the lord of the manor.

The handicraft stage: With the development of the cities and the commerce of the later Middle Ages, the trades and hand manufacture became predominant and the agricultural organization as represented by the feudal system and the manor began to decline in relative importance. Towns which had become centres of trade won their independence from the feudal lords, and the handicraftsman who had long plied his trade as a servant on the feudal estate gained an independent and powerful position.

As the town was first a trading centre the first rulers of the towns were the merchants, who in the twelfth century in England were organized into guilds which at once protected trade and formed the basis of the political organization of the towns. As the craftsmen grew in numbers and importance they were admitted into the merchant guilds, which they

later supplanted with their own craft guilds. These craft guilds grew so powerful that by the fourteenth century they were the real rulers of the English cities.

Each trade has its own guild of masters presided over by its own alderman, who in conjunction with the aldermen of other guilds formed the governing body of the town. Membership in a guild was usually confined to those who had served their apprenticeship and later had worked as journeymen and become masters. As the system became more rigid it became increasingly difficult for journeymen who were entitled to join the guilds and thus become masters to secure admission to membership in the guilds without powerful influence to assist them. For their own protection the journeymen organized other guilds of their own, the "Bachelors' Companies," which in organization and tactics were somewhat similar to a modern trade union.

The next step in industrial evolution, which bridges the gap between the true handicraft stage and the industrial stage is known as the domestic system. The guild master became a petty capitalist who received the raw materials from a middleman and gave them out to artisans who lived largely in the country and devoted a part of their time to agriculture. These artisans, who were the successors of the journeyman, had no control over the marketing of the product of their labor.

The industrial revolution: Then came the sudden and fundamental change in methods of production which followed the invention of the steam engine and power machinery in the last half of the eighteenth century. Every previous change in the forms of industry had been so slow as to cover many generations in the process of transition, but this was rapid and relatively sudden, a true industrial revolution.

The manufacture of textiles was at this time the most important industry in England. Under the handicraft and the domestic systems, all the work of spinning and weaving had to be laboriously done by hand. The first of the series of great inventions came in 1738, when Kay invented the flying shuttle. Then came Hargreaves' spinning jenny, in 1767, then Arkwright's water frame and the combination of the two into the "mule" by Crompton. Cartwright then developed the power loom and Whitney's cotton gin increased

the supply of raw material. With the application of steam power to spinning and weaving the domestic system came to an end. It was no longer profitable to send out work to be manufactured in homes. The workmen had to be gathered together into factories where the power could be economically applied. The master craftsman, who had become the merchant under the domestic system, giving out work and selling the product, now became the owner of the factory, while the journeyman, with his ranks recruited from the peasants of the country estates, became the factory worker, the proletarian of the modern industrial world.

The transition came so rapidly as to cause a great deal of distress and social anarchy. An entirely new set of economic conditions had to be faced, and governments and laws formed under the old system were incapable of adaptation to the needs of the worker for protection. The new machines could be operated by children better than by the old weavers and spinners, and the struggles of the displaced workers to gain a livelihood form one of the most tragic chapters in the history of industrial development. Weavers who had made a comfortable living by the labor of eight hours a day, supplemented by the products of their little farms, now could barely keep from starvation by working sixteen hours out of twenty-four. Children had always worked under the old system, but the work had been done at home, and was divided between the apprentice work at the loom and the outdoor work of the farm. Under the new system they were massed together in factories under masters who had no personal interest in them, and worked fourteen hours a day under frightfully unsanitary conditions. The first attempts of workmen to organize unions were checked by stringent and often savage laws. The popular resentment very naturally led to machine-breaking riots. The old land-owning aristocracy was obliged to yield political power to the new lords of industry and England became a capitalist state.

The industrial stage: This is the stage of economic evolution in which the civilized world lives to-day. Production is carried on by means of power machinery on a large scale. This machinery is owned and controlled by a distinct class. Industry is so specialized that no one workman turns out a finished product which is to any large extent his own work.

Trade and commerce have been developed until markets are international, and a credit system has taken the place of cash payment.

But although our age is essentially industrial, all of the other stages of production are still represented at the present day. Not only are there tribes and peoples in various parts of the world who represent all of the earlier stages of industrial evolution, but in our own civilization all the older forms of production are to be found. The stage of direct appropriation is represented wherever there are things of value to be taken by man direct from nature, for his own use. Hunting and fishing are by no means abandoned. The pastoral stage is represented by the great cattle and sheep ranges of the West and of South America and Australia. Agriculture never even declined in absolute importance, although other forms of production have developed since the agricultural stage which, because of their greater relative importance, have become the characteristic and dominant economic forces. Handicrafts are still carried on wherever machine methods have not been introduced, as in bricklaying, and for certain purposes nearly all the old crafts are carried on to-day. The domestic system has degenerated into the sweatshop and become one of the worst forms of modern exploitation. Old forms do not die. They simply change in relative importance.

The development of the economic unit: Along with the increase in the power of man to control the forces of nature has come a progressive enlargement of the economic unit. The number and variety of wants has continually increased, and a progressively greater and more intricate organization of society becomes necessary. The stages in this process may be described as follows:

(*a*) *Independent household economy:* Production was at first, and even later in the pastoral and agricultural stages, carried on by the household. The products were likewise consumed by the household. Trade and commerce were unimportant before the handicraft stage. The Greek household from which we get our word "economy" was an independent economic unit. Agricultural products were grown for use and not for commerce. Slaves skilled in all trades were employed and there was very little which any member

or retainer of the household needed to get from beyond the estate. The life of a savage or barbarous family is a more simple example. The man does the hunting and fighting, the woman makes the clothing, prepares the food and bears the burdens. The family can exist comfortably without any dependence upon the rest of the world.

(b) *Town economy:* With the building of cities and the diversification of industry, the independent economy became impracticable. It was more profitable for the weaver to give all his time to his trade and buy his food supplies elsewhere, giving in exchange his cloths or the money received from their sale. But it was no more than an extension of the household economy for little was used which was not produced within or near the town. Commerce was largely local, and the town could exist without regard to the State or other towns.

(c) *National economy:* With the improvement of the means of communication, and the perception of the advantages of trade between cities, the nation became the economic unit. In England the products of the mines of the Southwest were exchanged for the agricultural products and the manufactures of the East and North. The town was no longer self-sufficient and independent. But the nation still produced all that it needed to consume. The period of national economy was marked by the welding together of towns and principalities into powerful modern States. To enhance the importance of the nation, taxes on internal trade were abolished and tariffs were imposed on imports from other countries. Patriotism was encouraged and sectionalism discouraged. Thus national economy supplanted town economy.

(d) *World economy:* The stage has now passed when there is an advantage in maintaining a national economy. The railway, steamship, telegraph and ocean cable have brought the nations of the world nearer together than provinces were during the development of national economy. Markets have become world-wide. No country is entirely self-sufficient, and such countries as England are so dependent upon other nations that even a temporary check to commerce involves great hardship, as when the American Civil War stopped the importation of raw cotton and reduced the

Lancashire operatives to abject poverty. Capital knows no national lines. It is essentially international. The migration of masses of laborers from one country to another in response to the demands of industry, the spread of education and increasing ease of international communication have resulted in a highly developed sense of international solidarity of class interest. National lines which once served to extend the economic unit from town to nation, now impede further growth, and patriotism, which was once a broadening sentiment tending to replace excessive loyalty to the town by a larger loyalty to the nation, has in its turn become, in its extreme forms, a hindrance to further development and a menace to the peace of the world.

SUMMARY

1. Economic history may be divided into stages on the basis of the increasing control by man over nature.

2. In the first stage men live by hunting and fishing; the second is characterized by the domestication of animals and the introduction of slavery; in the third stage agriculture is developed; the fourth is characterized by handicraft industry and the fifth stage begins with the development of power machinery and the factory system.

3. These stages have differed materially in different parts of the world and their form has been modified by geographical and climatic conditions.

4. A new method of gaining a livelihood does not usually displace an older form, but subordinates it, thus adding to the complexity of economic life.

5. Economic history is also classified on the basis of the progressive enlargement of the economic unit from the household through the town and nation to a world economy.

QUESTIONS

1. What are the characteristic features of the stage of direct appropriation? Of the pastoral stage? Of the agricultural stage?

2. Describe the manorial system. In which stage does it belong?

3. Explain the organization and functions of the craft guild.

4. What was the domestic system of industry?

5. What is meant by the "Industrial Revolution"?

6. Name the chief inventions which brought about the industrial revolution.

7. Compare the industrial stage with the handicraft stage.

8. Characterize the household economy, the town economy, the national economy.

9. What facts lead us to expect the realization of a world economy?

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CHAPTER XI

THE CLASS STRUGGLE THEORY

The theory stated: The class struggle theory is a part of the economic interpretation of history. Ever since the dissolution of primitive tribal society, the modes of economic production and exchange have inevitably grouped men into economic classes. In his Introduction to the *Communist Manifesto* Frederick Engels thus summarizes the theory:

"In every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; and, consequently the whole history of mankind (since the dissolution of primitive society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which, nowadays, a stage has been reached where the exploited and oppressed class—the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoisie—without at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class distinctions, and class struggles."

Analysis of the statement: In this statement there are several important propositions. First, that class divisions and class struggles arise out of the economic life of society. Second, that since the dissolution of primitive society, which was based upon communism, mankind has been divided into economic classes, and that all its history has been a history of struggles between these classes, ruling and ruled forever warring against each other. Third, it is implied rather than stated that the different epochs in human

history have been characterized by the interests of the ruling classes of these epochs. Fourth, that a state has now been reached in the evolution of society in which the struggle assumes the form of a contest between the proletariat and the capitalist class. Fifth, that the proletariat by emancipating itself will destroy all the conditions of class rule, and in doing so will emancipate all society from the evils attendant upon class struggles.

Opposition to the theory: No other phase of the Socialist philosophy has attracted so much criticism as this doctrine of the essential antagonism of social classes. The criticism has taken two distinct forms—that of denying the existence of social classes, and that of accusing the Socialists of fomenting class hatred.

That there are no class distinctions in America has been a part of the national tradition. The absence of legalized caste and of all titles of nobility, and the numerous examples of self-made men—the rail-splitter who became President, and the millionaires who as poor boys sold newspapers on the streets—lend support to the tradition. There is no formal legal barrier separating the classes, and the *nouveau riche* is still a familiar type. This form of criticism is based upon the false assumption that a social class must necessarily be a crystallized social group, the membership of which is based upon inheritance. But though we have no hereditary, titular ruling class, the division of the population into classes is very obvious.

The second form of criticism directed against the theory tacitly admits the existence of social classes, but denies that they are based upon antagonistic interests which are irreconcilable. It asserts that the major interests of the two classes are identical, and ascribes all industrial conflicts to "unfortunate misunderstandings between capital and labor," or to the work of "dangerous agitators." It accuses the Socialists of inciting the workers to violent assaults upon the industrial order, from which assaults the workers themselves must suffer equally with their employers.

This criticism, it may be admitted, is generally honest and sincere. It is based upon an entire misconception of the whole theory, however. It assumes that the Socialists are engaged in creating a class struggle, instead of which they

are simply directing attention to the existence of a class struggle resulting from the conditions of social evolution. The class struggle is, from the Socialist point of view, simply a law of social development, for which the Socialist is as little responsible as Newton was for the law of gravitation. There were class struggles thousands of years before there was a Socialist movement.

Definition of the word "class": It will help us to avoid much confusion and misunderstanding of the theory if we start with a clear conception of the meaning of the word "class." What is an economic class? In order that we may intelligently discuss any theory based upon the existence of economic classes we must first of all be able to answer that question.

In the first place, the term obviously refers to a grouping of individuals based upon economic relation and status. It does not refer to the grouping which results from a selective process based upon the choice of the individuals because they are congenial to each other, or because they hold certain ideas in common. Such a grouping, however large it might be, would not be an economic class. It is not enough to say that the grouping must be based upon economic relation and status, however. All the persons connected with the steel industry, for instance, from the multi-millionaire head of a corporation to the poorest paid laborer, might be regarded as a class, because of that economic relation and status, that is, because they were all engaged in a distinct branch of economic activity, regardless of the fact that the multi-millionaire on top and the laborer at the bottom might well be said to live in different worlds.

The income basis: Many writers have taken income as the most satisfactory basis for the classification of society into economic classes. Mr. W. H. Mallock, for example, in his *Classes and Masses*, makes relative income the test of class membership, and arbitrarily divides English society into classes accordingly. By this method a skilled artisan earning two pounds a week and a feeble-minded pensioner of a rich relative living upon two pounds a week are regarded as belonging to the same "class," despite the fact that the artisan has never known the luxury of a week's rest, and that the pensioner has never done a day's work. The income

basis results simply in the old, crude and unscientific division of society into rich and poor.

The source of income basis: The only satisfactory basis for the classification of society is that of similarity of economic functions and interests in the prevailing economic system. In other words, *source* of income, rather than *amount* of income, is the test of class membership. In every form of industrial society there appears a social class formation based upon the source of income or mode of obtaining the necessities of life common to the members of the respective classes. Within each class the individuals may compete against each other, each striving to obtain as large a share as possible of the total available wealth, but the unity and solidarity of the class as a whole is invariably shown by its resistance to any attack made upon its material interests by any other class. The characteristic features of an economic class, then, are that its members are united by their general economic interests, and that as a whole the class opposes every attempt of any other class to invade its interests.

We may say, therefore, that an economic class consists of an aggregate of persons having similar specific interests in the prevailing economic system, and whose functions in that system are likewise similar. Thus it is the special interests of the producers, *as producers,* which make them a class. They may share certain important *general* interests with all the rest of society, but their *particular* interests as producers they hold against all the rest of society. By similarity of functions we do not mean *identical* functions. Miners and bakers are engaged in very different occupations, but they perform similar functions in the sense that they are producers of wealth and not mere consumers. As against all who are consumers of wealth merely, they have a common class interest.

Antiquity of class divisions and struggles: Class divisions have existed ever since slavery began in the epoch of barbarism. When prisoners of war began to be exploited rather than killed, society became for the first time divided into definite classes. The conflict of interests between master and slave is obvious. The class struggle existed even though the ignorance, degradation and lack of opportunity for dis-

cussion which limited the slaves made effective resistance impossible. Sporadic revolts were always crushed with relentless brutality.

The feudal age is one of recognized social class distinctions. The conspicuous divisions were between lord and serf, whose interests were as obviously antagonistic as those of master and slave in the preceding regime. Feudal class distinctions also arose through conquest, as, for example, the subjugation of the Britons by the Saxons and, later, by the Normans. As we have seen, the freemen who settled in the towns as tradesmen and craftsmen developed by the eleventh century a powerful middle class, closely organized in guilds and gaining control of some of the most important sources of wealth. The interests of this class were opposed to those of the feudal nobility just as were the interests of the serfs, but they were better able to make effective resistance and to wage war upon the nobility. By the beginning of the nineteenth century this class had won a complete victory and itself became the dominant, ruling, employing class.

Character of classes in capitalist society: The capitalist class in its victory brought with it out of its life as a subject class the theories of political democracy and *laissez faire*. It established the modern State in such a form that no legal guarantee of the integrity of any class was possible. The rigidity of class divisions under feudalism was broken and passage from class to class became common. But the development of the economic has accomplished by a gradual and almost imperceptible process that which the State could not do. It has made the passage from the lower class to the class above increasingly difficult, and, while there is no guarantee as yet of the absolute integrity of the master class, practically that result has, to a very large degree, been attained. Transition from the status of wage-worker to that of capitalist, which was common and relatively easy in the earlier stages of capitalism, becomes increasingly rarer and more difficult with the era of concentration and the immense capitals required for industrial enterprise. Passage from the lower class to the upper tends to become almost as rare as the transition from pauperism to princedom in the Old World. An impecunious coachman may marry a

princess, and so enter the sacred circles of royalty. Such instances are little rarer than marriages between common laborers and the daughters of our lords of industry and finance. Thus class lines tend to become permanently fixed.

The principal and characteristic class division of capitalist society is that which separates the employing, wage-paying class from the employed, wage-receiving class. It is clear that where it is to the interest of the employer to produce as cheaply as possible and sell at the highest rate of profit, his interest conflicts with that of the wage-worker, who wishes to get the highest possible wage for the least possible effort, and who has no responsibility for the conduct of the business as a whole. The exceptionally loyal and efficient man may become a foreman, or even a partner in the business, but if all employees were equally loyal and efficient they would be no better off, as a group, than now. If they turned out a greater product, their wage under the competitive wage system might even be less. As employer and employee, then, their particular interests are fundamentally antagonistic.

The Economists on class divisions: The contention is, then, that the employer as such and the employee as such have opposing interests for which they must struggle in order to maintain or improve their status, and that in consequence society becomes stratified along the lines of these class divisions. These facts have been perceived clearly enough by some of the great economists. Thus, Adam Smith, in his *Wealth of Nations*, states the matter as clearly and forcibly as any Socialist of the present day:

"The workmen desire to get as much, the masters to give as little, as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labor. . . . Masters are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labor above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbors and equals. . . . Masters too sometimes enter into particular combinations to sink the wages of labor. . . . These are always conducted with the utmost silence and secrecy until the moment of execution. . . . Such combinations, however, are

frequently resisted by a contrary defensive combination of the workmen; who sometimes too, without any provocation of this kind, combine of their own accord to raise the price of labor. . . . They are desperate and act with the extravagance and folly of desperate men, who must either starve or frighten their masters into an immediate compliance with their demands. The masters upon these occasions are just as clamorous upon the other side and never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combinations of servants, laborers and journeymen."[1]

The basis of the class struggle, and the fact that an improvement in well-being intensifies rather than checks class strife, are clearly suggested by the following passage from John Stuart Mill:

"Notwithstanding the effect which improved intelligence in the working classes, together with just laws, may have in altering the distribution of the produce to their advantage, I cannot think it probable that they will be permanently contented with the condition of laboring for wages as their ultimate state. To work at the bidding and for the profit of another, without any interest in the work—the price of their labor being adjusted by hostile competition, one side demanding as much and the other paying as little as possible—is not, even when wages are high, a satisfactory state to human beings of educated intelligence, who have ceased to think themselves naturally inferior to those whom they serve. They may be willing to pass through the class of servants on their way to that of employers; but not to remain in it all their lives."[2]

Common general interests of the classes: Aside from these special relations, the classes have many things in common. As in the case of the lord and the serf, the capitalist and the laborer may belong to the same church and have religious interests in common, but even here, more than ever before since the founding of the Christian Church, religious bodies tend to give the same recognition to class

[1] Adam Smith, *Wealth of Nations*, Vol. I, Book I, chap. viii.

[2] John Stuart Mill, *Principles of Political Economy*, Book IV, chap. vii.

lines as do secular organizations. A poorly dressed woman feels as much out of place in an aristocratic church as she would in an aristocratic club. The classes may also have common racial and national interests, and these may at times even counterbalance their economic antagonism. They may even have a common industrial interest in the development of an industry in which they are engaged, and fear equally the results of depression in trade or of hostile legislation.

Individuals versus classes: There will always be found in every class individuals who either do not recognize their class interests, or who consciously ignore them. To the former group belong those workingmen who, unconscious of their class interest, take the side of their employers in industrial disputes, refuse to join labor organizations and boast of their loyalty to their employers. To the latter group belong those who subordinate the class interest which they clearly perceive to some other interest which they regard as being more important. Among such interests may be mentioned the racial and religious interests. Thus we find workingmen of one race joining together to exclude the workingmen of another race from employment and from social and political recognition, frequently enabling the capitalist class to increase its powers of exploitation through using one set of workers to fight the other. Thus, too, in all periods of social transition we find members of the ruling class making common cause with the class in revolt.

Marx calls attention to this fact in a memorable passage: "Finally, in times when the class struggle nears the decisive hour, the process of dissolution going on within the ruling class, in fact within the whole range of old society, assumes such a violent, glaring character that a small section of the ruling class cuts itself adrift, and joins the revolutionary class, the class that holds the future in its hands. Just as, therefore, at an earlier period, a section of the nobility went over to the bourgeoisie, so now a portion of the bourgeoisie goes over to the proletariat, and in particular a portion of the bourgeois ideologists, who have raised themselves to the level of comprehending theoretically the historical movements as a whole."

It is very evident that a fair statement of the theory as

Marx and Engels conceived it is itself a sufficient reply to those critics of the theory who have pointed to the fact that men like Robert Owen, Marx, Engels, Lassalle, and many others who have played an important part in the history of the Socialist movement itself have come from the ruling class. Crude statements of the theory by ill-informed exponents may offer some excuse for such criticism, but it is manifestly foolish and unfair to judge any theory by the crudest and least capable presentation of it.

Revisionist criticism of the theory: While the dominant and all-absorbing conflict in present society is that which goes on between the wage-paying and wage-receiving classes, these two groups do not constitute the whole of society. This is especially true in the United States which is still very largely an agricultural nation. We must consider the rather inchoate and ill-defined interests of the large so-called middle class, consisting of farmers, retail traders, petty manufacturers, and so on. Marx and Engels, as noted in an earlier chapter, regarded the imminent disappearance of this class as certain and self-evident. Assuming so much, they could ignore its existence as a transitory incident and present the picture of a conflict in which the lines are automatically fixed, or perhaps a better expression would be, a conflict in which an instinctive alignment of society takes place upon the basis of ascertainable and conflicting economic interests.

Bernstein and other Socialists of the Revisionist school have criticised the theory in this particular, and pointed to the fact that the middle class has not yet disappeared, but is even increasing in numerical strength through the increase in the number of small stockholders. Bernstein suggests too, that the workers cannot properly be regarded as a homogeneous class. Admitting that under capitalism the wage-workers have more common interests than conflicting ones, and in that sense constitute a class, he holds that the abolition of capitalism would at once reveal the fact that the proletariat consists of many diverse elements, differing greatly from each other, and, therefore, bound to divide into new classes instead of abolishing all classes as Marx and Engels predicted.

Granting that Bernstein is right in criticising the assump-

tion in the *Communist Manifesto* that the workers are a homogeneous mass, equally devoid of property, family and independence, it does not follow that we must accept his view that the differences in needs and interests will remain unmodified after "the propertied and governing classes are removed from, or deprived of, their positions," and become the basis of a new arrangement of classes. The criticism fails in that it presupposes a sudden transformation from capitalist ownership to Socialist ownership, without any serious modification of the position and constitution of the proletariat.

Relation of the middle class to the proletarian struggle: In the acute phases of the struggle between the capitalist class and the proletariat, the middle class occupies a very unenviable position. Many of its members are struggling desperately to avoid sinking into the proletarian class, while many others are struggling out of the working class into the ranks of the class above. It is impossible to state with exactitude the attitude of this indefinite class toward the proletarian class in its struggle against the capitalist class. In general it may be said that, just as a man whose income is wholly or principally derived from the labor of others, through the ownership of the means of production and exchange, is a member of the capitalist class, so a man whose income is wholly or principally derived from his own labor is a member of the working class. In general, that section of the middle class which depends wholly or in principal part upon rent, profit and interest for its maintenance will manifest little sympathy with the producing class in its struggles. On the other hand, the sympathies of that section of the middle class which depends primarily upon its own labor, and only secondarily upon rent, interest and profit, will, in general, manifest little sympathy with the capitalist class.

The middle class is inclined to oppose the pretensions of the capitalist class, but at the same time little inclined to sympathize with the working class. It fears most of all the interruption of business. The members of the middle class as a rule would prefer to have all class conflicts cease, but care very little how a settlement is effected. It is from this class that we hear most about the "essential identity

of interest" of the workers and their employers. The members of this vague class suffer both from high prices and the increasing power of the workers to demand high wages. They blame the "Trust" for all their major ills, and the "agitators" for all their minor ones. Having no well defined interests as a class, the middle class pursues no consistent policy. It sees in the manifestations of the class struggle little more than personal inconvenience, and does not recognize its far-reaching significance. But with the growth of the great monopolies, which exploit the petty traders and small farmers almost as much as they exploit the wage-workers, though in other ways, there is a marked tendency on the part of a considerable proportion of the middle class to make common cause with the worker in the one sphere where such unity is possible, that of political activity.

Expansion of the concept of class: As a result of the criticisms directed against the class struggle theory in its narrowest form, and the experience which they have gained, the Socialist parties of the world manifest an increasing tendency to expand the meaning of the term "working class." Wilhelm Liebknecht, the astute political leader of the German Social Democracy, in a paper which was posthumously published, wrote: "A tiny minority alone demands that the Socialist movement shall be limited to the wage-earning class. . . . We ought not to ask 'Are you a wage-earner?' but 'Are you a Socialist?' If it is limited to the wage-earners, Socialism cannot conquer. If it includes all the workers and the moral and intellectual *élite* of the nation, its victory is certain." Liebknecht then continues to argue that the Social Democracy is "the party of all the people with the exception of two hundred thousand great proprietors, small proprietors, and priests."

Class consciousness: The recognition of the existence of social classes, and of the interests upon which they are based, is what the Socialist means by "class consciousness." The capitalist who accepts the system as it is, and joins with the other members of his class to embrace every advantage which presents itself is class conscious. Likewise, the worker who recognizes that in the long run his interests are those of his class, and who joins with his fellows to obtain a larger share of the product of their labor, is class conscious.

The Socialist argues that the whole working population must be aroused to a recognition of their class interests. The victory of the capitalist class in the struggle would mean the destruction of democracy in a hopeless capitalist despotism. On the other hand, the victory of the working class would not result in class despotism, the substitution of one ruling class for another, as all previous class triumphs have done, but in the abolition of the conditions without which no class rule can exist, namely, class ownership and control of the things upon which society as a whole depends.

Class consciousness does not mean class hatred: Because they seek to arouse the workers to a consciousness of their class interests, the Socialists are often bitterly condemned and accused of seeking to stir up class hatred. This is very obviously an unjust charge. Whether the class struggle theory be accepted or not, it is essential that it be not misrepresented. The Socialists do not create the class struggle. If we admit its existence, we must admit that it has its roots in economic conditions which the Socialists have not shaped, but which have developed in the course of centuries of evolution. What the Socialist does is to call attention to the class struggle and to the antagonism of economic interests which creates the struggle. By awakening the workers to a recognition of the class struggle and the forces which determine its existence, Socialism tends to divert the wrath and the revolt of the workers from individual employers to the system itself, because it compels them to see that the capitalist class, like their own, is a product of evolution, and that the individual capitalist is no more responsible for conditions than the individual wage-worker. By discouraging the idea of independent personal attack, and fostering belief in association upon class lines for the purpose of improving conditions by economic and political activity, Socialism has undoubtedly done much to make the peaceful, evolutionary solution of the labor problem possible through political channels. It must, therefore, be regarded as one of the great constructive forces of modern times.

Organization of laborers and capitalists: With the advent of machine production and the development of the factory system, the old system of bargaining between masters and wage-workers assumed a new form. Under the domestic

system there was a large degree of competition, both among the masters and among the wage-workers, and although the masters had a certain advantage of position the journeyman was still able to obtain a relatively large share of the product. The individual or corporate employer of hundreds of working people, on the other hand, has an overwhelming advantage, especially where little skill is involved and when labor-saving devices are being continually introduced. The employer can fix a wage-scale which the worker must accept or leave. There is no bargain.

If, however, all or a large part of the available labor is organized, so that a strike against the employer's wage-scale will effectually close the factory, the workers can have some bargaining power. Labor unions appeared almost as early as the beginnings of capitalistic concentration and have been from the first bitterly opposed by the employing class. Failing to crush the unions by legislation directed against combination, the employers themselves resorted to the organization of associations for the protection of their interests against the demands of the labor unions. Thus they were able to do away with a great deal of the competition in their own ranks for labor, which the unions had taken advantage of in their efforts to increase wages. The result has been the intensification of the class struggle. Highly organized associations of employers are lined up in opposition to the gigantic federations of labor unions, and the conflict becomes more and more severe from year to year.

Thus we have a regimentation of the forces of industry in which industrial initiative, on both sides, is subordinated to the interests of the class; a manning of forces like great armies on the field of battle. The directive and administrative genius of the capitalist class must not only manage industry itself, but must devote a large part of its attention to the organization and leadership of the capitalist forces in the class war. The directive and administrative genius of the working class must in like manner be devoted to the organization and leadership of the forces of that class. But unlike the leaders of the capitalist forces, the labor leaders have no voice in the direct management of the industrial processes, and are, therefore, at a big disadvantage.

The weapons of class warfare: The first and most prim-

itive form of class warfare is that of physical violence. It is the natural expression of a feeling of outraged justice. The only method of struggle open to the slave of antiquity was that of murderous revolt. Even the early revolts against the capitalist system took the form of machine smashing. Violence is always met by violence, and the greater resources of the masters in every age, together with the alienation of public sympathy which occurs when it is resorted to, make an appeal to violence a very dangerous thing for the working class. The recognition of this fact has sometimes led employers secretly to incite violence in order to discredit the workers and justify repressive measures.

Organized labor is able to use the strike or the threat of a strike as a means of enforcing its terms. The capitalist analogue of the strike is the lockout, in which the employer refuses all work to the men until they agree to his terms. The boycott directed against the products of a particular establishment, or against all goods made by non-union labor, has as its counterpart the blacklist of the employer directed against the workman who has been active in asserting the interests of his class. The blacklist is very effective in checking the activity of potential union leaders.

The capitalist control of the State enables the employers to call to their assistance the police and the militia, and even the regular army of the United States. Still more important is the power to bring about class legislation and, through the judiciary, class interpretation of the law. The power of the judiciary over legislation has been developed in the United States to a greater extent than in any other country. The Supreme Court may annul any law passed by Congress by declaring it unconstitutional, and only by the slow processes of death, resignation and appointment can the court be reconstituted and such an opinion reversed. Impeachment proceedings are only possible in cases of personal misconduct, and even then are too cumbersome for practical use. Not only can the Supreme Court nullify legislation, but it can directly legislate by reading into a law a significance which has been expressly rejected by Congress. These powers were never specifically given to the court, but the customs and precedents of a century have given to the exercise of the powers practically all the authority of constitu-

tional sanction. The power of the judiciary is used with damaging effect upon the unions by means of the issuance of injunctions in labor disputes. Under an injunction directed against any or all persons involved in labor troubles a striker or union official can be arrested and imprisoned without jury trial.

Political organization of the proletariat: To meet and overcome the capitalist use of the agencies of the State, the forces of labor in every industrial nation are being forced into political activity upon class lines. Class conscious working people are everywhere organizing into Socialist or Labor parties for the express purpose of gaining control of the machinery of the State. The capture of the State by the proletariat, through political education and organization of the workers, is the primary aim of all Socialist parties. With the conquest of the powers of the State by the proletariat class ownership of the means of production and exchange will be abolished. Then, for the first time in history, will true democracy, true Socialism and true individualism be possible. This does not mean that there will be a perfect human society in which no differences will exist. There may even be classes in a certain sense of the term, but not the present horizontal stratification of society. There may be social struggles, struggles between races and religions, but these are no part of the problem of Socialism, which concerns itself only with the next step in social evolution.

SUMMARY

1. History has been largely a record of struggles between economic classes.

2. In modern society the class struggle assumes the form of a conflict between the capitalist class and the proletariat.

3. The basis of the class divisions is a difference in source of income and not in the amount of income.

4. Class consciousness is the recognition of the existence of social classes and of the interests on which they are based.

5. Both great economic classes organize their forces and both use all the available industrial and political weapons in the prosecution of the struggle.

QUESTIONS

1. What do Socialists mean by the class struggle?

2. What are the principal criticisms of the theory of the class struggle, and what are the Socialist answers to these criticisms?

3. Why cannot the amount of individual wealth be taken as a basis of class division?

4. What is meant by the middle class, and what is its relation to the class struggle?

5. Explain what is meant by class consciousness.

6. What is the social function of the employers' association?

7. What is the place of the trade union in the class struggle?

8. What is the purpose of the blacklist? The boycott?

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CHAPTER XII

VALUE AND PRICE

Introductory remarks: We come now to that phase of our subject which is the most difficult, namely, the political economy of Socialism in general and the much disputed theories of value and surplus-value in particular. Enough books and pamphlets have been written explaining, attacking and defending these pivotal Marxian doctrines to form a large library by themselves. Contrary to the old adage that "in a multitude of counsellors there is wisdom," the student is more than likely to be confused by the multitude of counsellors represented by this voluminous literature.

The subject is necessarily somewhat abstract and difficult. To master it requires patience and perseverance together with at least ordinary capacity for mental perception. If the student has these, the most elemental requisites of sound scholarship, he will find that the difficulties to be mastered are only great enough and numerous enough to stimulate his intellectual ambition and energy.

Pitfalls to be avoided: The way of the student will be made easier if certain common causes of confusion are foreseen and avoided. One of the most common of these causes of confusion lies in the fact that many students and critics of Marx enter upon the study of his theories with preconceived mental concepts more or less clearly defined, but altogether erroneous, of which they do not divest themselves. With this bias as a foundation they are practically unable to get a mental picture of Marx's theories which is not more or less distorted by their preconceived errors. For example, the student who has read a little political economy and something less of Socialism has heard or read the claim made by some critics of Marx, such as Mr. W. H. Mallock, that the central idea in Socialist economics is that all wealth is the product of ordinary manual labor, and, therefore, ought

in justice to belong to the laborers. Later on he encounters the formula in which Marx states his proposition that the value of commodities is determined by the amount of socially necessary human labor power which they represent. If his mind were not already warped and biased, he would investigate the theory of which the statement quoted is the formula, instead of which he is very apt to regard it as a confirmation of the altogether absurd statement of Marx's theory made by his critics. To avoid this pitfall which has trapped so many unwary feet, it is necessary that the student should divest his mind of all preconceptions of the subject and begin his study of Marx with an open mind, as though he had never before heard of Marx, of wealth, of value or of labor. That is the only attitude compatible with sound scholarship.

Another prolific source of error to be avoided is the unscholarly habit of beginning a study in the middle, or anywhere else than at the beginning. This habit is one which is at all times to be avoided, but in the case of a thinker like Marx it is especially dangerous. For Marx moves with precise method in his reasoning, step by step. If we do not begin with him at the beginning and follow him closely we cannot hope to escape confusion and difficulty. We may think that we know perfectly the meaning of such terms as "wealth," "capital," "labor" and "value," and that we need not stop to consider his definitions. If that is our attitude we are doomed to inevitable confusion. We think of capital, for example, as consisting of things—"wealth used for the production of new wealth"—but when Marx uses the word he is not referring to *things* at all. He is referring to something very different, namely, an abstract quality, a social relation between persons expressed through the medium of things. We shall have occasion to refer to this particular term at greater length hereafter; it is sufficient here and now to cite the one example of the confusion which must arise if we begin our study anywhere else than at the beginning.

We must close this admonitory introduction with one other warning. The student must not attempt to divide the synthesis of Marxian theory and regard its parts separately. He must not attempt to study the theory of value as a thing apart from, and having no necessary connection with, the economic interpretation of history. If he does he will

not only miss the most significant contribution of Marx to modern thought, but he will inevitably be forced to disregard the boundaries of the theory of value, if we may use the term. In other words, where Marx says that under such and such conditions, and only then, certain consequences result from certain causes, the student who does not observe the qualification in the statement, will find many instances where such consequences do not result from such causes. He will therefore decide that Marx was mistaken, instead of which he mistakes Marx. Where Marx said that *under certain definite conditions* A would cause Z, the student has supposed that A must cause Z *under any conditions*.

I

Marx's sociological viewpoint: Political economy, or *economics*, may be defined as the science which investigates and explains the nature and source of wealth, and seeks to discover the laws which govern its production, distribution and exchange. In its broadest sense it also has to do with the regulation of man's social activities in so far as they affect the production, distribution and exchange of wealth. The science of economics, as such, is not limited to the investigation and explanation of the phenomena of which it treats under any specified conditions. That is to say, it may very properly deal with the subject of wealth in all its aspects at any period of history, or in any place.

By the opening sentence of his great work, *Capital*, Marx makes it perfectly clear that he deliberately limits himself to the subject of wealth production and exchange under certain sharply defined conditions, which limitations we must observe in order to understand him. Calling his work an analysis of *capitalist* production, he says in the first paragraph: "The wealth of those societies in which the capitalist mode of production prevails presents itself as an immense accumulation of commodities, its unit being a single commodity. Our investigation must therefore begin with a single commodity."

The significance of this opening paragraph for us, at present, lies in the fact that it makes perfectly plain the sociological viewpoint of Marx, and the close interrelation

of his theory of social evolution and his economic theories. It is only in societies in which the capitalist mode of production prevails that wealth assumes the form of massed commodities. In other stages of social development wealth assumes other forms, but in these we are not interested, our purpose being simply to analyze the capitalist mode of production. It is obvious, therefore, that our first step must be to understand the nature of the unit of wealth, the single commodity. The familiar illustrations drawn from the life of Robinson Crusoe on his island, and of the "economic man," will not assist us, for neither has any place in a society characterized by the capitalist mode of production. Thus at the very outset we are compelled by the inexorable logic of Marx's method to recognize the unitary character of his theoretical system. It is one whole. His economic theory is simply the application of his general theory of historical development to a particular epoch, the epoch of capitalism.

Definition of commodity: Within the capitalist stage of social development, then, the unit of wealth is a commodity. It follows, therefore, that the production of wealth must take the form of the production of commodities. But what is a commodity? Marx answers in a very lucid manner: a commodity must first of all be a material object which by its properties satisfies human wants of some sort or another. It makes no difference what the nature of such wants may be, or how they are satisfied. Whether the object satisfies a fundamental physical need, as food does, or merely gratifies our fancy and gives us pleasure, as a toy gratifies the fancy of a child, is unimportant. Whether it serves directly as a means of subsistence or indirectly as a means of production matters not. The essential point is that a commodity must possess utility, it must be useful in the broad sense that it possesses the quality of satisfying some human need or desire. This property of an object is called its use-value.

But a thing which possesses use-value is not of necessity a commodity. Not all objects which possess utility can be called commodities. Air and light, for example, have unbounded utility and are absolutely indispensable to life, but they are not commodities. To call sunlight a commodity, as Professor Nicholson does,[1] is to destroy the value of the

[1] J. S. Nicholson, *Elements of Political Economy*, p. 24.

term for intelligent discussion. Air and sunshine are not commodities, but what the economists call "free goods." Even the thing which I make for my own use, which perfectly satisfies some need of mine, and has very great use-value, is not necessarily a commodity. The question arises, then, what other quality than use-value must a thing possess to be a commodity? Marx answers that, in addition to being a utility, it must also possess the quality of being exchangeable—it must have exchange-value. A commodity, then, is an object which has two fundamental qualities, namely, the quality of being useful and the quality of being exchangeable for other objects.

Exchange-value: When we say that an object has exchange-value we mean that it is salable, exchangeable for other things. But exchange and sale are terms which refer to human actions, social relations between two or more persons, and not to any physical properties of the things sold or exchanged. The use-value of a thing, as we have seen, is a quality that is inherent in the object itself. The thing I make for the satisfaction of my own needs possesses the inherent quality of use-value, but if I try to sell it or to exchange it for something else which I desire, I find that no one will buy it, or take it in return for what I want. No one *desires* it. Here we have the index to the solution of our problem: exchange-value is a social concept. It is based upon *desirability*. In order to have exchange-value, a thing must have the quality of being useful to and desired by others than its owner. When a thing is desired by others we say that it has social utility, the quality of being useful to others.

An object becomes a commodity, then, only when it has two qualities: (1) It must have utility—be capable of satisfying some want or desire on the part of its owner; (2) It must have *social* utility—be capable of satisfying some want or desire on the part of some person other than its owner.

Exchange of commodities: In primitive society the production of wealth was carried on by individuals for their own use. But in modern society, industrial society, production is carried on by social groups principally for exchange. That is to say, the persons employed in a factory are not

engaged in making things which they themselves, or their employer, desire and expect to use, but things which other people are assumed to desire for their use and to be willing to buy. So the economic life of capitalist society is concerned with the production of commodities and their exchange at a profit. That is what the Socialist means when he declares that under capitalism production is carried on for profit and not for use.

This exchange of commodities is not carried on through barter. The maker of one commodity, say shoes, does not go to the maker of another commodity, say bread, and barter shoes for bread. Production and exchange are conducted upon too vast a scale for that. The exchange is carried on through the medium of one important commodity, money. To say that a pair of shoes will sell for so much money and that the money will in turn buy twenty-five loaves of bread is to say that one pair of shoes will exchange for twenty-five loaves of bread, or, in other words, that the exchange-values of twenty-five loaves of bread and one pair of shoes are equal.

Determination of relative exchange-values: Now, the question arises, what is it that determines the relative exchange-values of commodities? Let us suppose that pink parasols and wheel-barrows are selected from among the multitude of commodities because they happen to be approximately equal exchange-values and, at the same time, very much unlike each other. How shall we account for the fact that two commodities so dissimilar in appearance, and whose functions are so different, come to be exchanged upon an equality in the market? To be able to answer that question is to understand the principal economic mechanism of capitalist society, and that is our only objective.

At first thought our analysis of a commodity seems to offer a ready solution to the problem. If a thing may be a use-value and yet be valueless in an economic sense, and if in order to have any exchange-value at all it must be a social use-value, then it is natural to suppose that relative degrees of social utility determine relative values. The familiar "marginal utility," "final utility" and "supply and demand" theories of value are all based upon this fundamental assumption. As we shall have to discuss these

theories later on, we need not pause to consider them here, except to say that the Marxian theory of value does not involve the assumption that relative social utility has no influence upon exchange-value. But, whatever influence relative social utility may have upon the exchange-value of individual commodities of the same kind, as silk hats, for example, it is obviously not an explanation of the relative values of different kinds of commodities when exchanged against each other. The relative social utility of the wheelbarrow may differ from the relative social utility of the parasol quite as much as the two commodities differ in physical appearance and in function. We may introduce a third commodity, differing equally from both the others, alike in general characteristics and in relative social utility—a pair of spectacles, for instance—and find that it exchanges for either of the others upon a basis of equality.

Views of the pre-Marxian economists: If at this stage we pause to analyze any number of commodities, we shall find that when we have carefully observed and noted all their differences they have at least one quality in common. They may differ in size, shape, weight, color, texture, function, simple utility, social utility, in short, in every respect except one—they are all products of human labor, or, as Marx would say, crystallizations of human labor-power. It is an axiom of political economy that all wealth is the result of an application of human energies to natural resources, and every unit of wealth is, therefore, an embodiment of labor-power. Here, then, say the Socialists, we have at least a hint of the solution of the great problem which lies at the heart of the system of exchange in capitalist society. The amount of labor-power represented by these various commodities is in some manner connected with their relative values. So far, no modern economist will disagree. That there is *some* relation between the labor spent in producing economic goods and their value is universally admitted.

Most of the great economists before Marx held the view that the relative value of commodities to one another is determined by the relative amounts of human labor-power consumed in their production. With slight variations, this theory was held by nearly all the great economists from Sir William Petty in the seventeenth century to John Stuart Mill

in the latter half of the nineteenth century. A few citations upon this point must suffice:

Petty's view: Sir William Petty takes silver and corn for comparison:

"If a man can bring to London an ounce of silver out of the earth in Peru in the same time that he can produce a bushel of corn, then one is the natural price of the other; now, if by reason of new and more easy mines a man can get two ounces of silver as easily as formerly he did one, then the corn will be as cheap at ten shillings a bushel as it was before at five shillings a bushel, *cæteris paribus*."[1]

Adam Smith's view: Adam Smith, in his *Wealth of Nations*, takes the same view:

"The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What everything is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and labor which it can save to himself, and which it can impose on other people. . . . Labor was the first price, the original purchase money, that was paid for all things. . . . If among a nation of hunters, for example, it usually costs twice the labor to kill a beaver which it does to kill a deer, one beaver would naturally be worth or exchange for two deer. It is natural that what is usually the produce of two days' or two hours' labor, should be worth double of what is usually the produce of one day's or one hour's labor."[2]

Ricardo's view: "To convince ourselves that this (quantity of labor) is the real foundation of exchangeable value, let us suppose any improvement to be made in the means of abridging labor in any one of the various processes through which the raw cotton must pass before the manufactured stockings come to the market to be exchanged for other things; and observe the effects which will follow. If fewer men were required to cultivate the raw cotton, or if fewer sailors were employed in navigating, or shipwrights in constructing the ship in which it was conveyed to us; if fewer hands were employed in raising the buildings and machinery,

[1] William Petty, *A Treatise on Taxes and Constitutions* (1662), pp. 31–32.

[2] Adam Smith, *The Wealth of Nations*, Vol. I, chaps. v–vi.

or if these, when raised, were rendered more efficient; the stockings would inevitably fall in value, and command less of other things. They would fall because a less quantity of labor was necessary to their production, and would therefore exchange for a smaller quantity of those things in which no such abridgment of labor had been made."[1]

John Stuart Mill's view: John Stuart Mill is less definite than Ricardo, but he says that "Every commodity of which the supply can be indefinitely increased by labor and capital, exchanges for other things proportionately to the cost necessary for producing and bringing to the market the most costly portion of the supply required."[2] Elsewhere he says that of the component elements of cost of production, "the principal of them, and so much the principal as to be nearly the sole, we found to be labor."[3]

Meaning of the labor theory of value: It would be exceedingly disingenous to suggest that all these great economists[4] regarded all labor as being of equal value, and considered the labor of an unskilled laborer to be equally as valuable, hour for hour, as that of a highly skilled artisan. It would be equally disingenuous to suggest that in the term "labor" they included nothing but ordinary manual labor, or that they held the labor value theory in the absolute sense as meaning that if a good workman made two coats in the same time as it took a poor workman to make one coat, the two coats would only equal the one in value. While it is not always made as clear as it might be, it is evident that in

[1] David Ricardo, *Principles of Political Economy and Taxation*, chap. i, § iii.

[2] J. S. Mill, *Principles of Political Economy*, Book II, chap. vi.

[3] *Idem*, Book III, chap. iv.

[4] To the list of authors quoted might well be added the names of Benjamin Franklin and Henry Charles Carey, two of the most original of our early American economists. Franklin regarded trade as being "nothing but the exchange of labor for labor, the value of all things being most justly measured by labor." (*Remarks and Facts Relative to the American Paper Money* [1764], p. 267.) Carey went even further, and contended that the value of all commodities, and even of land, is determined by the labor necessary, under present conditions, to reproduce the commodity, or, in the case of land, the labor necessary to bring new land to the same stage of productiveness. See his *Principles of Political Economy* (1838–1840). Carey is in many respects worthy of much more consideration than he has ever received at the hands of his own countrymen.

saying that the value of commodities is determined by the labor spent in their production they were referring to an average process, a general rule, not to its manifestation in particular individual commodities. It is also evident that they were referring to average labor, that is, labor of average skill and productivity. Finally, it is evident that, with rare exceptions, the economists who accepted the theory that the basis of the value of commodities is the labor crystallized in them meant social labor, rather than the labor of particular individuals or sets of individuals. Thus, when Ricardo, in the passage already quoted, refers to quantity of labor, he includes not merely the labor of those immediately concerned in making stockings, but all the indirect labor, even to the building of the ships in which the raw cotton is transported.

Marx and the labor theory of value: Marx further developed the concept of social labor as the basis and measure of value. He saw that machine production had made it impossible to measure exactly the labor spent in the production of any single commodity. He recognized the futility of making any attempt to do anything of the kind. If we take even a very simple article made by hand labor, it is practically impossible to determine the amount of social labor it embodies. Let us consider an ordinary table: even if we could measure the individual labor spent in felling the tree and sawing it into the boards of which the table was made, and the labor of the man who made the table itself, we could not measure the share of the *social* labor expended in making the tools used, the labor of the tool-makers and, before them, the coal and iron miners. We could not measure what share of the total volume of labor spent in constructing the railroads over which the lumber was hauled is represented in the table. When we pass from such simple hand labor to the complex machine production of modern industry, it at once becomes apparent that no human intellect could ever calculate the amount of social labor contained in any given commodity, and that in the actual process of exchanging commodities in every-day life there can be no calculation of the relative labor content of individual commodities by individual purchasers and vendors. When we go into the market to buy goods we do not make a mental

calculation and as a result refuse to pay as much for one article as for another upon the ground that it required less social labor to produce it, and that it is therefore of less value. If the value of commodities is determined by the social labor expended in their production, the law must be a general one, applying to the system of production and exchange as a whole, rather than to individual commodities, and it must operate automatically, as it were.

This is, in fact, exactly what Marx claims. Setting out to discover the general law of value in capitalist society, the principle which determines the value of masses of products against other masses of products, and of dissimilar products against each other, rather than the value of unit commodities against other units of the same kind, he concludes that the value of commodities, as a rule, is determined by the amount of socially necessary human labor power represented by them. In other words, the value of commodities is determined by the amount of social labor necessary, on an average, under the conditions existing at a given time and place, to reproduce them. This is not determined absolutely, in individual cases, but approximately in general, by the bargaining and higgling of the market, to adopt a phrase used by Adam Smith.

II

Misdirected criticisms of the theory: With the theory thus delimited, we are in a position to consider some of the criticisms of it which have been made by non-Socialist economists.

(*a*) *As to "unique values":* One of the most common criticisms of the Marxian theory of value assumes its application to every article of value, and ignores the fact that, as we have seen, Marx specifically limits its application in such a manner as to exclude a large number of such articles. Let us consider, for example, the category of what modern economists call "unique values" or "scarcity values," articles which owe their value to their extreme scarcity, which cannot be reproduced by labor, and the value of which is obviously independent of the amount of labor which was originally necessary to produce them. To this category belong

such articles as great auk's eggs, rare postage stamps, autograph letters, rare manuscripts and other articles associated with great personages and events—such as Napoleon's snuff-box, Oliver Cromwell's sword, or the mummy of Rameses.

We need only to consider the terms in which Marx formulates his theory to see the irrelevance of all that criticism which argues that, because such unique values cannot be accounted for on the basis of the labor spent in their production, the labor theory of value must be defective. As an explanation of all values of every kind it may be admitted that the theory is not all-inclusive. But that is judging it upon a wrong basis, and differs only in the degree of its stupidity from condemning the theory because it does not explain how the circle may be squared. Such articles are not reproducible by labor, that is to say, no possible amount of human labor could reproduce the exact utilities in them. Napoleon's snuff-box or Cromwell's sword might be exactly duplicated as regards their physical properties, but the special quality which gives them their great value, their association with the great historical personages to whom they once belonged, is not reproducible. A morbid collector might be willing to give a fortune for an authenticated tooth of Julius Caesar, but that fact would not in any manner tend to weaken the Marxian theory of value. That theory deals with the system of production and exchange prevalent "in those societies in which the capitalist mode of production prevails" and the production of Napoleon's snuff-boxes, Shakespearian folios, great auks' eggs and Caxton books is not a part of that system.

But let us consider "scarcity values" of another kind. A man walking across the desert picks up a diamond, then another, and yet again another. The exertions of a few minutes have given him diamonds valued at thousands of dollars. How is the value of the diamonds determined? Surely not by the labor which was spent in picking them up. That much is self-evident, and those critics of the Marxian theory who, like Böhm-Bawerk, suppose meteoric lumps of gold falling to earth and being picked up, and imagine that the theory can be thus easily disposed of, overlook its central idea. In the case of the diamonds, their value is determined by the amount of social labor necessary, *on an*

average, to reproduce them, that is, to secure an equal number of carats of equal purity. If diamonds could be normally obtained so easily their value would fall to zero: they would become what the economists call "disutilities." So in the case of Professor Böhm-Bawerk's imaginary lump of meteoric gold: if gold usually fell from the heavens in big lumps, so that all we needed to do to secure a sufficient supply was to go and gather the lumps, the value of gold would be determined by the amount of labor necessary, on an average, to gather it up. The value of gold might then fall below that of coal or iron.

(*b*) *The meaning of "labor":* What do we mean by "labor"? One of Marx's critics, Mr. W. H. Mallock, who criticises the definition of labor which Marx gives, himself defines it as "the faculties of an individual applied to his own labor,"[1] as distinguished from "ability," which consists of the intellectual faculty of direction applied to the superintendence and direction of the manual labor of other people. Against this silly jumble of words, which means nothing, let us set the luminous and lucid definition of Marx: "By labor power or capacity for labor is to be understood all those *mental and physical* qualities existing in a human being which he exercises when he produces a use-value of any description."[2] In the light of this definition it becomes very evident that all the numerous criticisms which rest upon the assumption that Marx regarded only ordinary manual labor as creating value fall of their own weight. Like all other economists, Marx includes in his concept of labor every form of productive effort, mental as well as physical.

The meaning of the term "socially necessary human labor" which Marx uses may be more easily expressed by the term *abstract labor*. It must be confessed that this is somewhat difficult to comprehend. It is easy to see that, because the word labor may be equally applied to simple, unskilled manual labor and to labor which is highly skilled and specialized, any theory which makes labor the determinant of value must lead to difficulty and confusion unless

[1] *Socialism*, by W. H. Mallock, M.A., of England, *The National Civic Federation*, New York, p. 36.

[2] *Capital*, by Karl Marx (Kerr edition), Vol. I., p. 186.

some means is employed whereby all labor is reduced to one common denominator. This Marx does by reducing all kinds of labor to simple, abstract labor.

In other words, Marx regards highly skilled labor as so much ordinary unskilled labor multiplied. An hour of skilled labor contains several hours of simple, unskilled labor, for we must somehow and somewhere reckon the social labor spent in acquiring the skill. This reduction of superior labor to average, unskilled labor appears to be purely arbitrary, and makes labor as abstract a term as value. It is true that average unskilled labor varies greatly in character in different countries at different times, but in a given society it is as stable as anything human can be. But while this reduction of all labor to terms of average unskilled labor appears to be purely arbitrary, in reality it is only a theoretical formulation of an empirical law of every-day life. The reduction of all forms of labor to one common form or standard is made every day in actual exchange. Commodities varying greatly are uniformly valued in money. But money itself is a commodity, and the exchange through its medium of other commodities which are the products of many different kinds of labor, implies the ultimate reduction of the value of all to the value-basis of one. This process, too, like the determination of value itself, is not the result of conscious effort on the part of individuals or of society, but goes on unconsciously and indirectly, through the higgling of the market. There is not, and cannot be, any absolute measure of value. All value is relative—the value of commodities being measured by other commodities. Neither is there any absolute measure of the labor time contained in commodities. All that Marx claims is that by a social process, namely exchange, the ratio of which is determined by the higgling of the market, all forms of labor are ultimately expressed in, and therefore measured by, simple human labor.

(c) *Productive ability:* It is sometimes urged that the Marxian theory of value is deficient in that it excludes, or at least does not duly regard, directive or managerial ability. It is only necessary here to point out that in so far as this directive ability is productive in any sense it is clearly comprehended by the definition of labor which Marx gives,

and which we have already quoted. So far as the claim is made that profits are really nothing more than proper rewards for the exercise of such directive ability, we shall consider it under Surplus-Value.

The price-form (or price-expression) of value: In considering the nature of commodities we saw that in order to be a commodity an article must have two characteristics: it must be a useful object—using that term now in its ordinary, non-technical sense—and satisfy some need of a particular individual, and it must be an exchangeable object, having a social use-value. The usefulness of an object to its owner, using the term "usefulness" as before, may be said to be its value in its natural form, while its exchangeability may be said to be its value in social form. It is only the latter form of value which the science of economics considers. The simple utility of an object may be considered and estimated by itself, without regard to other objects, but not so its exchange-value. If we take a barrel of flour we can at once perceive its simple utility. So many loaves of bread can be made from it, which will provide us with food for so many days. To ascertain this we do not need to compare it with any other object. But if we desire to estimate its value in an economic sense, its *worth*, we are compelled to consider, not its inherent qualities, but its relation to other objects.

Considered as economic values, all commodities are concrete expressions of human labor. This common quality makes them exchangeable against each other. But the direct exchange of commodities is not a practicable way of carrying on the exchange relations of modern society. So all commodities are exchanged through the medium of one commodity, called money. Thus, the value of all commodities is expressed in quantitative terms of the medium of exchange, that is, in amounts of money. If commodities were exchanged for each other by means of direct barter, it would be found that some commodities would exchange equally for some other commodities, because they happened to represent equal amounts of socially necessary human labor. Thus, a bushel of wheat and a yard of linen might be equal values. Other commodities, representing unequal amounts of socially necessary labor, would be exchangeable according to

their relative social labor content. A yard of silk, for example, might be worth five yards of linen and a ton of coal worth two yards of silk.

Money: Let us suppose that it was desired to adopt some one of the foregoing commodities as a standard of value, by which the value of the others might be measured and through which they might be exchanged. The commodity so chosen would become money, and the system of exchange would become a system of money economy. If we look over the list of commodities and consider their special characteristics we shall note at once that two of them, wheat and coal, are too bulky to serve conveniently as media of exchange. It would not be convenient to transfer such bulky payments as five tons of coal or fifty bushels of wheat each time ten yards of silk changed hands. Linen would be a far better medium. In case it was selected it would be money and the value of the other commodities would be expressed in yards of linen.

In various times and places hides, salt, shells, wheat, powder, tobacco, and a multitude of other things have served as money. But for various reasons the precious metals, gold and silver, have been most favored by trading nations. How did gold come to be chosen as the standard of value by most of the great modern nations? Because gold was relatively rare and it required a large amount of labor, on an average, to procure a small quantity of it; a very small piece had a very high value as compared with, say, iron. This made it admirable as a medium of exchange for the reason that a large value in gold could be carried or stored away more easily than an equal value in a bulkier commodity. Thus, before its advantages caused its selection as the value-measure of commerce, gold was a commodity like all other commodities, subject to the same laws. Even now all gold is not money, and such part of the gold supply of the world as is not money is subject to the same laws as all other commodities, subject, of course, to the qualification that the monetization of gold protects it and gives it a measure of monopoly-value.

Relation of price to value: Before we can exchange goods through the medium of money we must somehow reduce the value of the goods to money terms. Value has no corporeal

existence, that is, no existence apart from the comparison of things with each other. It is an abstraction. When we express the value of a given commodity in money terms, we really measure it first of all in money, and, through money, in other commodities. This measure of value we call price. Although some economists use "price" and "value" as interchangeable terms, they are not synonymous and should not be so used. They are closely related but not identical. If value were an absolute thing an absolutely perfect price-form would be identical with the value. Neither of these conditions exists, however, and, as an approximation of value, price is subject to many fluctuations. In a free market, prices sometimes fall below and sometimes rise above values. If we conceive value as production cost plus average profit we shall be able to understand this more clearly. The production cost of commodity A and commodity B being equal, their values are equal. But in actual trade A may, for some time, sell for either more or less than B. In a free market—and of such Marx wrote—this is a result of the relation of supply and demand to each other with regard to the commodity affected.

If the supply of commodity A greatly exceeds the demand for it, the price will naturally fall. If the demand greatly exceeds the supply, on the other hand, the price will rise. In the case of commodity B there may be a more perfect equilibrium between supply and demand, so that its price remains stable and closely approximates its real value. Thus, we have the phenomenon of equal values selling at unequal prices. But we must not forget that the unequal prices do represent equal *values*. That this is the case we can easily ascertain by watching closely the effect of supply and demand upon prices, and noting how narrowly it is bounded by value. Over-supply causes a depreciation of prices. But presently supply slackens. Producers will not continue production at their usual rate of speed unless they can get a price approximately equal to the value of their commodity. As a result of the diminished supply, prices rise. Or again, prices are soaring as a consequence of an insufficient supply. Demand is brisk, but supply is slow and sluggish. Presently, there is a perceptible slackening of demand, or a perceptible stimulation of supply, or both. Prices fall in consequence.

It is not denied, therefore, that the relation of supply to demand has a very important effect upon trade, that it causes many of the commercial crises through fluctuations of prices. All that is claimed is that it is not the determinant of *value*, and that it is value, as such, which sets the limits to the influence of supply and demand upon prices.

The "marginal utility" theory: As a theory of value, the so-called "Austrian" theory of final or marginal utility does not differ, except in the form of its expression, from the old supply and demand theory. All that we have said of the latter theory applies to it. According to this theory, the value of anything is determined by our estimate of its capacity to satisfy the wants of ourselves or others, in other words, by its *desirability*—to quote Jevons—or the degree of its social utility. To say that the value of an object is determined by its power to give satisfaction, as Menger, Jevons and others do, and to say that it is determined by the amount of labor socially necessary for its production, as Marx does, appears to involve a violent contradiction.

But if Menger and Jevons really mean by value what Marx means by price, and not what he means by value, the contradiction disappears. On the other hand, if we assume that Menger and Jevons are not referring to price but to value, and find that they admit that the influence of marginal utility, is like that of supply and demand, ultimately bounded by the amount of social labor, while Marx admits the influence of marginal utility in that sense—that is, upon the price-form of value rather than upon value itself—the violent contradiction also disappears. Among the Socialist writers of to-day there is an increasing tendency to regard the Marxian theory of value as including the marginal utility theory.

Propositions to be established: It is our present purpose to attempt to establish two propositions. They are (1) that the marginal utility theory of value is the supply and demand theory under another name; (2) that Marx's theory of value definitely includes all that is important in the theory of marginal utility. In order that we may not misunderstand, or misstate the theory, we will adopt the statement of it made by Professor Seligman, one of its leading exponents,

italicizing a few passages in order to attract special attention to them:

"If a starving wayfarer suddenly spies an apple, it will have a supreme utility for him because it stands between him and death. If he finds a second apple, it will still be welcome, but it will fill a somewhat less intense want. *With every additional apple his appetite will be more appeased*, until with, let us say, the tenth apple he will reach the point of satiety and be on the margin of *doubt whether to consume any more.* The utility of each apple—its capacity to satisfy his desire—has diminished until the tenth apple is the last which affords any utility at the moment. The utility of this tenth apple is called final because it is the final apple, or marginal because on the margin of desire.

"It is plain that the marginal utility of any apple *depends on the quantity at one's disposal.* The greater the quantity, the less keenly will he feel the particular want. If he had only five apples, the marginal utility of the fifth would be considerable because his last want satisfied would still be urgent. The degree of marginal utility depends on the strength of the want last satisfied, or, it might be said, on the urgency of the next satisfied want.

"The second point to be noted is that at any given time the utility of each apple is equal to that of the la t and therefore to that of any other (of the same size and quality). If the available supply is five apples, any one of the five apples may be considered the final or marginal unit, that is, the last unit in point of time. The wayfarer will lay his hands on any one of the five without particular choice; whether he begins with one or with another is immaterial, because he knows that one is as good as another.

"Thirdly, in estimating the utility of the entire supply of apples, we must distinguish between the total utility and the marginal utility of the stock. The total utility of a stock is obtained by adding the utility of each additional apple to that of its predecessor. It will accordingly grow *until the point of satiety has been reached.* Ten apples possess more total utility than five. The marginal utility of the stock, however, is always equal to the marginal utility of the final unit multiplied by the number of units. The marginal utility of two apples will be twice that of the second, of four apples, four times that of the fourth. Here, as before, the marginal utility of the stock will increase, but not up to the point of satiety. *After a limit has been reached, the marginal utility of a stock begins to decline.* The marginal utility of eight apples may be less than that of five, even though the total utility is undoubtedly more.

"... *When we speak of the marginal use of a commodity to any one, we think of him as on the brink of not wanting any more. He may reach the margin because, with the diminishing utility of each increment, he will, if the supply is large enough, come to the point where there will be no consciousness of any economic value at all.*"[1]

Proposition I: Professor Seligman's statement of the theory is very lucid and simple. From it we gather that the

[1] E. R. A. Seligman, *Principles of Economics* (1905) pp. 177–178.

marginal utility of commodities is inversely proportionate to the quantity available. If there were only one apple, the starving wayfarer would be willing to give all he possessed to secure it. Having consumed it and nine others, he is willing to take a tenth, but is so near the point of satiety that he will give little or nothing for it. Offer him a hundred more and he will spurn them. He does not want them; they are not utilities now, but disutilities. What is this indeed but the supply and demand theory?

Instead of a hungry wayfarer, let us take a whole community. Apples being very scarce command high prices. There is a large effective demand for them. For every apple there are ten bidders. Now, some enterprising dealer, hearing of the good market for apples, brings in a hundred bushels and offers them for sale. The price he gets, while still high, is less than the price which apples brought before when there were ten bidders for every apple. Now a second dealer appears with a thousand bushels, so that there are more than enough apples to satisfy the demand, and, in consequence, apples fall in price. In the language of the final utility theory, their degree of utility has decreased as the quantity available has increased. If a third dealer should bring in a thousand bushels more, it would be impossible to give the apples away, perhaps. They would be valueless, or, in Professor Seligman's words, "the utility is zero and the commodity is no longer an economic good."

Jevons, to whom more than to any other economist of the English-speaking world, the development of the theory is due, admits that the final degree of utility "*varies with the quantity of commodity, and ultimately decreases as that quantity increases.*"[1] Oddly enough, he chooses for an illustration of his theory exactly the same example as Lord Lauderdale chose in 1804 to illustrate his theory of the dependence of value upon the interaction of demand and scarcity, and his reasoning is the same. Says Lauderdale: "Water . . . is one of the things most useful to man, yet it seldom possesses any value; and the reason of this is evident; it rarely occurs that to its quality of utility is added the circumstance of existing in scarcity; but if, in the course of a siege, or

[1] W. S. Jevons, *The Theory of Political Economy*, p. 62.

a sea-voyage, it becomes scarce, it instantly acquires value."[1]

Compare this with Jevons: "We cannot live a day without water, and yet in ordinary circumstances we set no value on it. Why is this? Simply because we usually have so much of it that its final degree of utility is reduced nearly to zero. . . . Let the supply run short by drought, and we begin to feel the higher degree of utility, of which we think but little at other times."[2]

Unless we are to revolutionize the English language and change its entire vocabulary, these citations must be regarded as sufficiently proving our first proposition, namely, that the marginal or final utility theory of value is, fundamentally, the same as the supply and demand theory of an earlier generation of economists. As such, it is subject to the limitations set for it by the nature of value itself. Marginal utility does not confer value upon the masses of commodities the exchange of which constitutes the trade of capitalist society, however much it may affect the realization of the value in price form of any particular commodity at any given time or place. This is the essential point to be made against the theory as a theory of value. That considered as a statement of the influence of relative scarcity or abundance upon prices it is in some respects superior to the older formulations of the same principle, and more useful as an explanation of particular price movements, may be granted by the most orthodox Marxist.

Proposition II: Our second proposition, that the Marxian theory of value includes all that is important in the marginal utility theory, can, we believe, be easily established. We accept as our initial premise the conclusion arrived at as a result of the consideration of our first proposition, namely, that the marginal utility theory is of importance only as a statement of the main cause of price fluctuations in a state of free competition. Now, Marx never at any time denied the influence of relative scarcity and abundance upon prices. On the contrary, his whole theory involves recognition of the fact that the interaction of supply and demand—or as

[1] Lauderdale, *An Inquiry into the Nature and Origin of Public Wealth,* p. 16

[2] Jevons, *op. cit.,* p. 62.

we may now say, the degree of utility—regulates "the temporary fluctuations of market prices."[1] His explanation of the manner in which the "higgling of the market" fixes the ratio of exchange between different commodities may be cited in proof of the fact that he gives it full recognition. But what Marx does is to point out the limitations of this influence, imposed upon it by value itself. When supply and demand are equal, prices are said to represent "true value," or "pure value." Under such conditions, when supply and demand balance each other, what creates *value?*

Nor is Marx blind, as Böhm-Bawerk and his followers allege, to the varying degrees of utility. His theory rests upon the fundamental assumption that value is inseparable from social utility as distinguished from mere usefulness. The most useful thing, inherently considered, for which there is no effective demand can have no value, no matter how much labor has been consumed in its production. All his reasoning implies a recognition not only of *general* social utility, but of *relative* social utility. When he uses the term "socially necessary labor" it is not merely "average" labor that he refers to. A commodity may have been produced in the average labor time, but if that time was not spent for a "socially necessary" purpose, that is, if the commodity itself was not socially necessary, it would be wrong to speak of the commodity as embodying so much socially necessary labor. If a man in the tropics makes snowshoes, even though he makes them with average speed and skill, the snowshoes will not be the embodiment of "socially necessary labor" any more than they themselves will be socially necessary. If a trader takes a lot of panama hats to the arctic circle the hats will have no value, even though each one consumed in the making an average amount of labor, time and skill. The reason is obvious: there is no demand for the hats—they are not socially necessary, and, therefore, are valueless. It is a very puerile criticism to point to the fact that the hats are so many "embodiments of human labor," and to cite the illustration as a "refutation" of Marx's theory. In the first place, the hats themselves do not conform to the fundamental requirement of the theory that commodities must be social use-values. In the second place, the labor

[1] *Value, Price and Profit,* by Karl Marx, p. 24.

embodied in the socially unnecessary hats cannot, in that time and place, be considered as "socially necessary labor." The term as Marx uses it is an extension of his concept of social use-value to the labor spent upon the production of an object. It is therefore quite evident that Marx never loses sight of the factor of relative utility. All that the theory of supply and demand, and its modern statement the theory of final utility offers is a mode of explaining the fluctuations of prices around the norm of value. And that is included in the Marxian theory.

Jevons' admission: On the other hand, it remains to be said that the claim here set forth of the limitations of the marginal utility theories, under whatever name they may be put forth, has been substantially admitted by no less an authority than Professor Jevons himself. It is admitted by Jevons that the final utility of commodities is not, in actual practice, determined independently of the labor necessary for their production. He says in one passage of his celebrated work that his theory of final utility "leads directly to the well-known law, as stated in the ordinary language of economists, that value is proportional to the cost of production."[1] He rests his whole logical structure ultimately upon labor, making it the final determinant of value. His argument is as follows:

(A) The cost of production determines supply.
(B) Supply determines final degree of utility.
(C) Final degree of utility determines value.

If A, cost of production, determines B, degree of utility, and C is in turn caused by B, is not A the ultimate cause of C? The greater contains the lesser, and the Marxian theory of value contains all that there is of value in the theory of marginal utility.

Monopoly-price: In view of the foregoing, it is only necessary to refer briefly to the subject of monopoly-price. When we discuss the subject of value and price we assume free market conditions. Under such conditions prices may for a time rise above or fall below values, but sooner or later the equilibrium of the two forces will be restored and prices will approximate values. Where monopoly or near-monopoly exists, we have to reckon with a new factor, the artificial

[1]W. S. Jevons, *The Theory of Political Economy*, 3rd ed., p. 186.

elevation of prices above value—virtually an abrogation of the law of value. The development of great monopolies and near-monopolies has greatly increased the number of commodities which, for considerable periods, are placed outside of the sphere of the labor theory of value, their price being determined solely by the desire of the buyers on the one hand, and, on the other hand, the power of the sellers to control the supply.

SUMMARY

1. Marx maintains throughout his work a sociological point of view, and discusses production only under the social conditions of capitalism.

2. An object is a commodity and has exchange-value only when it possesses social utility.

3. The relative exchange-values of commodities are determined by the average amount of socially necessary human labor needed to reproduce them at a given time and place.

4. The price of a commodity fluctuates about its value in response to the interaction of supply and demand.

5. There is no essential difference between the marginal utility theory of value and the supply and demand theory; and the Marxian theory definitely includes all the important features of other theories of value.

QUESTIONS

1. How does Marx define Labor?

2. What are the limits of Marx's study of economic production?

3. What is a commodity?

4. What, according to Marx, determines relative exchange-value?

5. How does this position compare with the view of Petty? Of Adam Smith? Of Ricardo? Of J. S. Mill?

6. How are unique values determined?

7. Explain how the labor theory can be applied to the determination of the value of diamonds?

8. Explain the concept of abstract labor.

9. What is meant by price? How is it determined?

10. What is the difference between price and value?

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CHAPTER XIII

SURPLUS-VALUE

Introductory: We have already noted the fact that the form of industrial society in which we live, and which we call capitalism, is characterized by the production and exchange of commodities or *wares*, salable goods. The sole motive of capitalist enterprise is the sale of goods at a profit. So long as the capitalist can obtain a satisfactory profit he does not care—except in rare instances, which need not be considered—what kind of commodities he deals in. If a greater profit can be obtained from the manufacture and sale of shoddy clothing than from the manufacture and sale of good clothing he will, so far as he is free to do so, concern himself with the former. This is too obvious a fact to require demonstration. It is one of the commonplace expressions of every-day life that men are in business "for the profit there is in it." This is not a moral criticism of capitalist society, but a simple recognition of one of its essential and characteristic features.

The objective of capitalist production being the realization of profit, it follows that if our analysis of capitalist society is comprehensive and helpful we must learn a good deal about profit, its nature, its origin and its function in the social organism. Marx's theory of surplus-value is an explanation of these phenomena.

Exchange of equal values: In our discussion of value and its price-form we saw that the exchange of commodities takes place through the medium of money, itself a commodity. We are now to consider the process of exchange itself. That somehow or other profits are *realized* through the exchange of commodities is evident, but that does not mean that the proportion of the total of existent values which we call profit is *created* by exchange. On the contrary, it is very easily seen that it is not. If two men, A and B, exchange

goods of unequal value for each other, unit for unit, it is certain that one will receive a larger for a lesser value, and so profit by the transaction. It is equally certain, however, that no new value is created by the transaction. The sum total of values is the same after the transaction as before, only a change in ownership has taken place, not a change in the magnitude of the values themselves. We shall have to return to this subject later on: for the present it is enough to note that, even when unequal values are exchanged, profit is not created by the act of exchange.

Upon the whole, the exchange of commodities takes the form of the exchange of equal values. This does not mean that all commodities are exchanged for one another, unit for unit. A lead pencil is not exchangeable for an automobile. What is meant is that, as a general rule, capitalist exchange consists of the exchange of equal values, not of unequal ones. The basis of value being the abstract labor represented by the object of value, the rule is that commodities representing equally sums of abstract labor will exchange for one another upon a plane of equality. If the unit of commodity A represents a social labor content of 100 and the unit of commodity B represents a social labor content of 10, then the exchange-value of A as compared with that of B will be as ten is to one—it will require 10 units of B to purchase 1 unit of A.

Advantageous exchange without profit: Let us suppose a case of simple exchange. A farmer has 100 bushels of wheat which he desires to exchange for, say, farm implements. A manufacturer of farm implements who desires the wheat offers the farmer a mowing machine, a plow and a horse-rake, the three implements being approximately equal to the wheat in value. If the value of the implements was materially less than that of the wheat the farmer would not agree to the bargain: he would prefer to sell the wheat for money and with the money buy the implements he desired. On the other hand, the manufacturer would likewise be careful to insist upon getting a value in wheat equal to the value of the implements he was giving. The transaction is equally beneficial to both parties, each obtains a use-value for what is, to him, not a use-value. But there is no increase of value as a result of it, no profit.

If the exchange instead of being made directly had been made indirectly through the medium, the farmer selling his wheat for 100 dollars and then paying 100 dollars for the implements to the manufacturer, who in turn paid 100 dollars for the wheat, the result would not be different. Exchange of commodities does not add to the magnitude of their value any more than the act of changing a twenty-dollar bill for twenty one-dollar bills adds to the amount of money.

Wholesale exchanges: Stated in this simple form, it is easy to see that exchange does not add to value. But the wholesale exchange which goes on in capitalist society requires a vast and complicated mechanism to be exclusively devoted to the circulation of commodities. The farmer and the manufacturer of implements are not personally acquainted. They may be separated by hundreds or even thousands of miles. So the farmer sells his wheat for cash to dealers who send it to markets scores or even hundreds of miles away, where it is sold for cash to the consumers. On the other hand, the farmer buys his implements for cash from a dealer who has previously bought them from the manufacturer and paid the cost of their transportation. The flour is sold to the consumer at a price considerably higher than the farmer received for it, and the farmer in turn pays more for his implements than the manufacturer's price. Sometimes these price increments are spoken of as profits, but they are not profits at all. The cost of transporting the wheat from the farm in Dakota to the market in Chicago or New York, to the point where it becomes accessible to the consumer, of storing it properly, and of retailing it in the quantities needed by individual consumers, must be met, and is properly part of the cost of production. For the wheat has not been "produced" in an economic sense until it has been made a utility to the consumer. The same thing may be said of the implements which the farmer buys, and of all commodities in general. Thus to the first, or simple, production cost, illustrated in the cost of producing wheat on the farm from sowing to threshing, and in the manufacture of shoes at the factory from the raw material, leather, to the finished goods packed for shipment, there is added an additional cost which brings the total to what we may call the final, or social production cost. Just as relative exchange values

are measured against each other in terms of abstract labor by the higgling of the market, so are these elements of final production cost adjusted and balanced.

The exchange of unequal values: The exchange of unequal values does not in the slightest degree affect the principle we are discussing. While normal exchange is the exchange of equal values, the exchange of unequal values is not infrequent. A large number of the class of middlemen, jobbers, brokers, dealers, speculators, and so on, do make profits through unequal exchanges, by "selling dear," as we say. But again, the sum of value is not affected by such exchanges. No part of that proportion of the sum of values which we call profit is *created* by exchange.

"Buying cheap and selling dear" is therefore *no* explanation of the gains to the capitalist class *as a whole*. And that is the essence of our problem. We are not interested in the fact that A makes an exchange with B and that A gains what B loses, any more than we are in the fact that a pickpocket takes another man's money. In that case, also, one gains and the other loses; but there has been no addition to the sum of existent values. Individual members of the capitalist class do lose, and their losses may, and often do represent the gains of other individuals in that class, but the capitalist class gains as a whole, and it is the sum of that gain which we must explain.

How wealth is produced: Profits are a part of the total wealth of society. That wealth is the product of a union of labor and the forces of nature. The phrase, "Labor is the source of all wealth" is occasionally met with in a certain type of Socialist literature, but it is no part of Socialist theory. In particular, it is not a part of the Marxian theory of surplus-value as many writers suppose. On the contrary, Marx takes particular care to make it clear that he does not regard labor as the sole source of wealth. He quotes with approval the words of Petty that "Labor is the father and earth the mother of all wealth." He no more concerns himself with the exact share of each of these agents in production than we concern ourselves with the exact share of each parent in the life of a child.[1] What he does contend

[1] "The use-values . . . i.e. the bodies of commodities, are combinations of two elements—matter and labor. If we take away the useful

is that labor is the source of all economic value. When critics assail the Marxian theory on the ground that it makes labor the sole source of wealth, they prove their ignorance of Marx and their inability to distinguish between wealth, consumption goods, and their value—an abstract quality.

The nature of capital: It is one of the characteristics of "those societies in which the capitalist mode of production prevails" that the laborers do not own the means of production, the land, tools, machinery, factories and raw materials. Machine production upon a large scale makes it impossible for the individual laborer to own these things. Industrial evolution has separated the laborer from the ownership of the material requisites of production. The ownership of these things by others than the actual users of them is the essence of the class division of capitalist society.

Capital, therefore, is not to be defined simply as "wealth that is used to produce more wealth." It is all that and something more. It involves the social relation of production. Robinson Crusoe's spade and the familiar Indian's bow and arrow used to illustrate capital in ordinary economic discussion do not constitute capital at all as the Socialist uses the word. Wealth used to produce more wealth under certain conditions is capital. Under other conditions it is not capital. Just as bricks do not constitute a house except when they bear a certain relation to each other, or as a negro is only a slave under certain conditions, though he is always a negro, so a machine is only capital under certain conditions. The concept of capital is inseparable from the fundamental concept of capitalist production, namely, production and exchange for profit. Capital is wealth that is used for the production of more wealth with a view to the realization of profit through its exchange. This is what the Socialists mean when they say that capital is a "social relation expressed through the medium of things." And

labor expended upon them, a material substratum is always left, which is furnished by Nature without the help of man. The latter can work only as Nature does, that is, by changing the form of matter. Nay, more, in this work of changing the form he is constantly helped by natural forces. We see, then, that labor is not the only source of material wealth, of use-values produced by labor. As William Petty puts it, labor is its father and the earth is its mother."—Karl Marx, *Capital*, Vol. I, chap. i, p. 50. (Kerr edition.)

when Socialists speak of the "abolition of capital," it may be added, they speak only of the abolition of that relation, not of the material things.

Let us look briefly at the special form of social relationship between the capitalist and the laborer which results from the ownership by the former of the means of production. The capitalist wants to unite the productive power of the laborer to the means of production which he owns in order that he may make profit out of the result of the union. The laborer, on the other hand, must use the means of production which the capitalist owns if he is to produce wealth at all, and unless he does produce wealth he cannot live. He cannot buy the means of production from the capitalist. The only thing open to him is to sell that which he has which the capitalist is anxious to buy, namely, his laboring power, his capacity to produce new value.

Labor-power is a commodity: We come now to a rather startling proposition, that the labor-power which the capitalist buys is a commodity subject to the same laws as all other commodities. To class human labor-power with pig-iron as a commodity may at first seem rather fantastic, but it is by no means an unwarranted classification. To be a commodity labor-power must have three qualites: (1) It must possess use-value; (2) it must possess exchange-value; (3) its value must be determined by the amount of abstract social labor which is represents, the socially necessary labor which it embodies.

That labor-power possesses the first of these qualities needs no demonstration. Its use-value is obvious. It is also evident that it has exchange value. It is salable. We speak of the "labor market" as freely and naturally as we speak of the "wheat market." Or we speak of labor being "cheap" or "dear" just as we do in the case of ordinary commodities. The price of labor, wages, like the price of all other commodities, fluctuates. It may be temporarily lowered by the preponderance of supply over demand, or elevated by the increase of demand over supply. It may be made the subject of monopoly in certain cases, just as the prices of other commodities may be made the subject of monopoly. So far, then, the analogy holds good. But can we say that the value of labor-power is determined by

the amount of socially necessary labor-power it represents?

Ricardo held that the natural price of labor depends on "the price of the food, necessaries, and conveniences required for the support of the laborer and his family," and that as the price of these things rises or falls so will wages rise and fall.[1] From this principle Lassalle developed his famous "iron law of wages" which greatly influenced the Socialist propaganda. But while wages do tend always to approximate the cost of the subsistence of the workers and their families in any given time and place, under the conditions and according to the standard of living generally prevailing, there are many other factors to be considered. As Marx points out,[2] the law is much more elastic in its operation than Lassalle supposed. The living commodity is not a dead thing. First of all, the fluctuations of price caused by the interaction of supply and demand are very much more important than Lassalle's "iron law" implies. Second, "the standard of living" is a very elastic term, and varies according to occupational groups, in different localities according to traditional influences, according to race and nationality, and to the general advancement of culture and the state of political development, expressing themselves in legislation for compulsory education, sanitary reforms, and other things which raise the standard of living. Finally by organization the workers may and do materially improve their standards of living.

Wherein labor-power differs from other commodities: Within the limits indicated, labor-power is a commodity like any other. But there are important respects in which it differs from every other commodity. In the first place, "labor-power is not something apart from men, but is inseparable from, and closely bound up with, the lives of human beings. Beneath its price are psychological, physiological and historical conditions that do not affect other wares, and which introduce an element of permanence into money wages greater than exists in regard to other goods."[3]

[1] Ricardo, *Principles of Political Economy and Taxation*, chap. v., §35.

[2] Cf., *Value, Price and Profit*, by Karl Marx, chap. xiv.

[3] *The Road to Power*, by Karl Kautsky, p. 104.

Wages do not respond freely to fluctuations in the prices of the goods which enter into the laborer's standard of living for the reasons already indicated. When prices rise, wages are slow to follow. And even when prices fall, wages, while they must ultimately follow, do not immediately fall. Moreover, they do not fall at the same rate as prices in general.

The laborer is in a peculiar position. He enters the labor market as a seller of his one commodity, labor-power. That commodity is not a thing apart from himself as are all other wares, but is a part of himself. Having sold his labor-power, he must go into the goods market and become a buyer pure and simple. His interest as a consumer is to buy cheap. Low prices are advantageous; high prices are disadvantageous. Having sold his labor-power to the capitalist, he confronts the product of that labor power in the goods market as a ware offered for sale by the capitalist who appeared in the labor market as a buyer of labor-power, but now appears as a seller of labor *product.*

These differences between labor-power and all other commodities are all incidental to a greater difference. Labor-power is used up in the production of other commodities, embodied in them as it were. In this respect it resembles all other commodities which, as raw materials, are similarly used up. But labor *creates new value in the process of being used up,* and this quality no other commodity has. In the manufacture of shoes, for example, machinery, leather and labor-power are used. The leather is used up, transformed, but it does not add to its own value. Machinery is used up to a degree, but it does not add to its own value. It loses a part of its value through wear and tear and adds it to the value of the raw material, to reappear in the value of the product, shoes. But labor-power does increase its own value in the process of being consumed.

Surplus-value: For the commodity he sells the laborer receives its value, measured by the price-form, wages. As we have seen, his commodity is a somewhat peculiar one and its price laws are in some important respects peculiar to itself. But for the purpose of illustration we will disregard these peculiarities and assume that the laborer receives the full value of his commodity, the social labor cost of its pro-

duction. When purchased by the capitalist, this commodity, like every other, belongs to the purchaser. Its use-value belongs to him, and no more belongs to the laborer who sold it than the sugar a grocer sells belongs to him after the sale. The laborer has received the exchange-value of his commodity in return for its use-value. Now, in being used up, the power to labor which the laborer sells and the capitalist buys will produce more than the equivalent of its own value. It may produce twice the equivalent of its own cost of production, twice its own value and price—the two terms being in this case identical. This is the central idea of the Marxian theory of surplus-value.

How surplus-value is produced: The capitalist buys the labor-power of a given number of laborers for ten hours a day. He pays the market price, wages, for this labor-power and has it used up—just as raw materials are used up—to produce other commodities for sale. When they have worked five hours, let us say, the workers have produced value equivalent to their wages. If they stopped at that point, the capitalist would find added to the raw materials by labor-power value equal to the price paid for the labor-power. But the workers do not stop at this point. They go on working for five hours more, creating further value. These figures are, of course, arbitrarily chosen to illustrate a principle. The principle itself would not be effected if we assumed the working day to be twelve hours and further assumed that it required ten hours to produce the value of the labor-power. According to our illustration, then, each worker gives the product of ten hours' labor in return for the product of five. This balance represents the surplus-value (*mehrwerth*) of the capitalist.

Such is the theory. We may further illustrate it by the following example: Assume the average cost of subsistence for a laborer and his family in a given time and place to be $1.00 a day; that wages are equal to the cost of subsistence, namely, $1.00 per day, and that it takes, on an average, five hours' labor to produce that amount in value. A manufacturer employs 1,000 hands at $1.00 per day per man, and the length of the working day is ten hours. The daily cost of labor-power is, therefore, $1,000.00. The value of raw materials used is also $1,000.00. The value of machinery

and plant is depreciated to the extent of $100.00 a day. At the end of ten hours it is found that the total values resulting from the combination of these is greater than the sum of all three by a sum exactly equal to the value of the raw materials or that of the labor-power. The capitalist paid,—

For labor-power..............................	$1,000.00	
For raw materials...........................	1,000.00	
For repairs, replacement of machinery, etc...	100.00	
		$2,100.00
He receives for the gross product............	3,100.00	
The surplus-value is, therefore..............	1,000.00	

It is obvious that this increase of value does not come into being of itself. It can only have one origin, in the living force, labor-power. Just as the simplest concept of wealth involves the act of transforming some natural object by human effort, so here human effort has been transforming raw materials and creating new values.

Division of surplus-value: The surplus-value created by the laborers does not of necessity all belong to the capitalist. He may and generally does have to divide it with others, landowners, money-lenders, and so on. The sum total of surplus-value created by the laborers constitutes the fund from which all rents, interests and profits must be paid. It is from this fund, too, that capital is replenished and increased, including the capitals necessary to the conquest and development of foreign markets. The division of the surplus-value sometimes causes much strife as, for example, when landlords insist upon getting the lion's share and are bitterly opposed by the capitalists.

The workers have little interest in these struggles over the division of the surplus-value they create, except in so far as the struggles give rise to political or other conditions which enable the workers to improve their own conditions by taking advantage of the divisions in the ranks of the exploiting class. It does not matter to the workers whether more or less of the surplus-value goes to a particular section of the exploiting class. Their interest is to give a minimum of surplus-value, to be exploited as little as possible. On the other hand, it is to the interest of the entire class of

those who share the surplus-value to resist the efforts of the workers to reduce its amount, and to force them to give up as much as possible. This is the *casus belli* of industrial conflict, the motive of the class war. The cause of class antagonisms is surplus-value, not the speeches and writings of "agitators"; not the labor unions. These are effects, not causes.

Rate of surplus-value and rate of profit: As we have seen, of the total mass of capital which the capitalist advances, only one portion, the amount paid for labor-power, adds to its own value and produces an excess, or surplus-value. That portion of the capital which is expended on raw materials and other means of production does not change the magnitude of its own value in this manner. Therefore Marx calls the former portion *variable* capital, and the latter portion *constant* capital. In our illustration we assumed the amount of surplus-value to be exactly equal to the variable capital. In the language of Marx, the ratio of surplus-value to variable capital is 100 per cent, in this case. This expresses the degree of the exploitation of the workers. That is, they are exploited at the rate of 100 per cent, both as regards value and number of hours of labor. We are not concerned with the actual rate of surplus-value, but with the illustration of the principle.

Now, it will be observed that the foregoing ratio is by no means the ratio of profit. In other words, rate of surplus-value and rate of profit are wholly different conceptions, though they are frequently confused with one another. To find the rate of profit we must consider the total capital, constant as well as variable. Thus, the ratio of surplus-value to variable capital is 100 per cent, but the ratio of surplus-value to the whole capital is 47.6 per cent. This last gives the rate of profit. Let us now suppose that, instead of the price of labor-power being fixed at its proper value, it falls considerably below it, as a result of an excessive supply. The capitalist now pays 80 cents per day instead of $1.00 as before. The variable capital will now be $800.00 instead of $1,000.00 as formerly. The value of the product at the end of the day will be the same. The rate of surplus-value—the degree of exploitation—will rise, and so will the rate of profit. The capitalist now pays,

For labor-power	$800.00	
For raw materials	1,000.00	
For repairs, replacement of machinery, etc	100.00	
		$1,900.00
He receives for the gross product	3,100.00	
The surplus-value is, therefore	1,200.00	

Thus, the rate of exploitation, that is, the ratio of surplus-value to variable capital, rises from 100 per cent to 150 per cent, while the rate of profit, the ratio of surplus-value to the total capital, rises from 47.6 per cent to 63.1 per cent. Expressed in hours of labor time the workers now give up six hours above the number required to replace their wages instead of five hours as before.

It may happen, however, that the increase in the rate of surplus-value will be accompanied by a decrease in the rate of profit. The capitalist is always trying to cheapen production by (a) lowering wages, (b) lengthening the working day, (c) increasing the productivity of labor. To the first two methods there are very obvious limits—physical endurance of the workers, legislation, and so on. The main energies of capitalist management are directed to the third method, through better organization, improved machinery, reduction of wasteful expenditures, and the like. Therefore, there is at all times going on a process which Marx calls the changing organic composition of capital. In other words, the relation of variable to constant capital changes from time to time. The portion of capital laid out in wages decreases, increased production resulting without any corresponding increase—but sometimes even a decrease—in the number of workers employed and the total expenditure upon wages. Thus, assume that the capitalist pays,

For labor-power	$600.00	
For raw materials	1,500.00	
For repairs, replacement of machinery, etc	100.00	
		$2,200.00
And that he receives for the gross product	3,400.00	
The surplus-value is	1,200.00	

The rate of surplus-value is now 200 per cent, but the rate of profit is 57.2 per cent.

Dangers of a too narrow interpretation of the theory: Many criticisms of the theory, including those of the leading members of the Revisionist school, are based upon interpretations of the theory which are too narrow and dogmatic. These criticisms have the same cardinal defect that vitiates some of the expositions of Marx's theories by his dogmatic and unphilosophical followers. They interpret Marx's theoretical conclusions too narrowly and in that form attempt to apply them to actual life. For example, Marx reasoned his theory of value with mathematical method and exactness, but he knew perfectly well that in actual life the law could not and did not operate with anything like the precision and inflexibility which he employed in its demonstration. No law ever does. He assumes, for the purpose of elaborating his theory, that all commodities are sold at their value, but later on he admits that such is not the case, that the prices of commodities are *usually* either higher or lower than their value. But this could not be understood at all except by the aid of the law of value. While a narrow and rigid interpretation of the theory of surplus-value would lead to the conclusion that the workers are never exploited except directly as producers, through wages, such an interpretation would be wholly unwarranted. Some of the doctrinaire followers of Marx have so interpreted the theory, however, and made it the theoretical basis for a practical policy which would prevent the Socialist movement from participating in many reform movements of immediate concern to the workers. But not so Marx. He shows very clearly that the workers are exploited as consumers[1] also, and this secondary exploitation tends to become more important with every advance in the direction of monopoly.

In like manner, many of the critics of the theory have a very much narrower conception of labor than the Marxian theory justifies, if we consider the theory itself rather than the examples which Marx uses to illustrate it. To assume that Marx disregards the productivity of managerial labor, the organization and direction of industry, is foolish in the extreme. On the contrary, Marx describes with great clearness the development of a special type of "labor," that of

[1] *Capital*, Vol. III, pp. 715–716.

direction—a class whose "established and exclusive function" is the work of supervision.[1] So far as any person shares in the necessary labor of production, including in the term "production" all the processes involved in the transformation of the raw material into the finished product delivered to the consumer, that person is performing useful labor. But the capitalist, as such, performs no labor. Or, to put the matter more clearly, whatever any person receives over and above the value of productive labor performed, is of necessity a sum exploited from other people's labor. There is no other explanation of the phenomena of pure profit.

The theory does not involve the ethics of distribution: One of the most common misconceptions of the theory, a misconception which has served as the basis of many criticisms, is that which regards it as involving the ethics of distribution. The usual statement is that the theory of Marx leads to the conclusion that "All wealth is produced by labor, and should, therefore, belong to labor." It is then assumed that in the Socialist State an ethical system of distribution will be realized, based upon the labor-value theory, and that each worker will get approximately the value of his own labor product, minus his share in the necessary social charges. There is nothing in the Marxian theory to support either the statement or the assumption based upon it. Marx nowhere reasons that the workers *ought* to get the full value of their labor. Indeed, as Engels points out, Marx opposed the earlier Socialists of the Ricardian school for confusing economics with ethics. He based his whole argument for Socialism, not upon the right of the producers, but upon the impossibility of the capitalist system to last, the inevitability of the development of capitalist industry to the point where the industrial and legal forms of capitalism can no longer contain it. Marx invariably scoffed at the "ethical distribution" idea, and when the Gotha Platform of the German Socialists was adopted in 1875 he was very much incensed, not only because he regarded its opening sentence, "Labor produces all wealth," as wrong in itself, but because it seemed to him to lead directly to the old idea that Socialism must rest its

[1] *Capital*, Vol. I, chap. xiii; Vol. III, chap. xxiii.

case upon the right of the producer to the whole of his product, instead of upon the inevitable breakdown of capitalist society. In other words, Marx never took the position that Socialism *ought* to take the place of capitalism, because the producers of wealth *ought* to get the whole of their product. His position was that Socialism *must* come, simply because capitalism could not last. It would, of course, be idle and disingenuous to deny that of the actual propaganda of the Socialist movement no small part consists of moral protests against the manifest injustice of capitalist society, and of arguments in favor of a juster social system. But these things are not included in the Marxian theories. In so far, the Socialist movement is bigger than Marx. Even if his entire system of philosophy could be destroyed, the inequalities existing, the striking social contrasts of extreme wealth and extreme poverty co-existent, the undeniable fact that useful labor often brings only a life of hardship while luxury and ease are often the portion of those who do no labor at all, would undoubtedly afford a basis for a movement aiming at the collective ownership of the means of production. With that we are not concerned at present. The important point is that, according to Marx, the concentration of capitalism must go on until it bursts its shell and a new epoch is ushered in.

SUMMARY

1. The sole motive of capitalist enterprise is the realization of a profit from the sale of goods.

2. Labor is not the source of all wealth, but it is the source of all economic value.

3. Capital is a social relation expressed through the medium of things the possession of which by the capitalist makes it necessary for the laborer to sell his commodity, labor-power, to the capitalist.

4. The difference between the total value produced by labor and the value of the labor-power consumed in its production, is surplus-value, the rate of which is the measure of exploitation.

5. The difference between the value of the finished product and the total cost of production is profit. The rate of profit does not necessarily correspond to the rate of surplus-value.

6. The theory of surplus-value does not involve the ethics of distribution.

QUESTIONS

1. Discuss the relation of exchange to profit.

2. Criticise the statement: "Labor is the source of all wealth."

3. Distinguish between the Marxian and the current economic definition of capital.

4. How is the value of labor-power determined?

5. What is the essential difference between labor-power and other commodities?

6. What is surplus-value? How is it produced?

7. Explain the process of the division of surplus-value?

8. How is the rate of profit determined?

9. What is secondary exploitation?

Literature

See references at close of preceding chapter.

CHAPTER XIV

THE LAW OF CONCENTRATION

The stages of capitalism: The period of domestic industry in which, the guild organization having broken down, the mass of craftsmen were employed under the wage system by masters who were no longer craftsmen themselves, may be considered as the first stage of capitalism. This period was characterized by what Marx calls merchants' capital—capital invested in raw materials and finished goods rather than the tools of production. In some industries the massing of large numbers of workers in factories had already begun, but they still remained hand workers.

The second stage of capitalism began with the age of machinery. Industrial capital in the various forms of factories, machinery, and means of transportation became more important than merchants' capital. Competition between capitalists on the one hand, and between wage-workers on the other, was the rule. The policy of *laissez-faire* was the accepted ideal and competition was regarded as the life of trade.

The third and last stage of capitalism is marked by the concentration of industry and the elimination of competition. Writing before this stage had fairly opened, Marx predicted that competition would destroy itself, that the business units would continuously increase in magnitude until at last monopoly emerged from the competitive struggle. Competition being self-destructive inevitably breeds monopoly. This monopoly becoming a shackle upon the system of production which produced it, must in turn give way to something else, namely, the socialization of industry. Says Marx: "The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with it, and under it. Centralization of the means of production and socialization of labor at last reach a point

where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."[1]

Criticism of the theory: This view has been generally accepted by Marx's followers. The disappearance of the middle class and the reduction of most of its members to the ranks of the proletariat have been regarded as self-evident truths of Socialism. But within recent years the theory has been subject to a good deal of criticism, both from within and without the Socialist movement. Many of the leading Socialists in Europe and America have participated in the discussion, and while the results of the discussion have been rather inconclusive thus far, it is now very generally admitted that the middle class is not disappearing in the manner and at the rate which Marx anticipated; that petty industries have not all been swept away; that small retail establishments still persist, and, in some cases, increase in number and that concentration in agriculture does not manifest itself in the form of immense bonanza farms swallowing up all the smaller farms.

Bernstein points out that the number of share-holders in industrial corporations is increasing, and that in England in 1898 there were more than a million share-holders. The share-holders in the Manchester Canal amount in round numbers to 40,000, and in Lipton's there are more than 74,000 share-holders. The number of taxable incomes is increasing, and the increase is most noticeable in the number of moderate incomes. A similar thing is seen in Germany. In Prussia the population doubled in the period 1854-1898, but the number of persons with incomes of more than $750.00 a year increased sevenfold. Similar figures are quoted from other countries to show that, judging by income standards, the number of persons in the middle class is on the increase.

Persistence of small industrial units: Critics of the theory also point to the persistence of petty industrial establishments and small retail stores in support of their position. That a great many such establishments and stores do exist is undeniable. There are many trades and branches of

[1] *Capital*, Vol. I, p. 837.

trades which can be carried on just as cheaply on a small scale as on a large scale, or nearly so. This is the case with different branches of wood, leather, and metal work. A great deal of misunderstanding exists upon this point. It is not denied that there is an enormous development in the direction of larger industrial units, but that the small factories and workshops can and do continue to exist in large numbers. For example, if we take the figures given in the reports of the Prussian census for 1907,[1] we shall see both these facts very clearly. The figures refer to mercantile and manufacturing establishments:

TABLE III

Establishments.	Numbers.		Persons Employed.	
	1895.	1907.	1895.	1907.
Quite Small (1 person only)	1,029,954	955,707	1,029,954	955,707
Small (2–5 persons)	593,884	767,200	1,638,205	2,038,236
Medium (6–50 persons)	108,800	154,330	1,390,745	2,109,164
Great (51–500 persons)	10,127	17,287	1,217,085	2,095,065
Very Great (501–1000 persons)	380	602	261,507	424,587
Giant (1001 persons and over)	191	371	333,585	710,253
	1,743,336	1,895,497	5,876,083	8,332,912

The decrease in the number of establishments classified as "quite small" indicates nothing except the passing out of existence of a percentage of household industries. The increase in the "small" and "medium" establishments is quite as marked and as remarkable as the increase in the "very great" and "giant" establishments. The figures do indicate a very real tendency to concentration, however. While the number of establishments increased only 8.73 per cent the number of persons employed increased 41.81 per cent.

American statistics: Far more important than increase or decrease of the number of units is their relative significance

[1] The figures are taken from Bernstein's *Evolutionary Socialism*, p. 57. They appeared originally in this form in *Die Neue Zeit*, XV. 2, p. 597.

in the total production. This phase of the subject has been very ably and comprehensively dealt with by Mr. Lucien Sanial, a well-known Socialist statistician. He takes twenty-seven of the most typical manufacturing industries and compares the number of establishments, number of persons employed and amount of capital invested in the years 1880, 1890 and 1905. He shows that there was a decrease in the number of establishments from 1880 to 1905 of 35.3 per cent, accompanied by an *increase* in the number of persons employed of 60.2 per cent, while the capital invested in the smaller number of establishments was 262.6 per cent greater than the capital invested in the smaller number.

TABLE IV

YEAR.	Number of Establishments.	Number of Workers.	Capital.
1880	63,233	1,080,200	$1,276,600,000
1890	51,912	1,611,000	3,324,500,000
1905	44,142	1,731,500	4,628,800,000

In another table Mr. Sanial takes forty-seven industries. These forty-seven industries comprised 29,800 establishments in 1900. By 1905 the number had fallen to 26,182. Side by side with this decrease in the number of establishments there was a marked increase in the amount of capital invested, which was $1,005,400,000 in 1900, and $1,339,-500,000 in 1905. In the same five years the number of workers increased only from 618,000 to 749,000. Here, again, in this group of the smaller industries we find the same evidences of concentration—fewer establishments, large increase of capitals and an increase in the number of wage-earners which is not equal to the increase in capitalization.

But even more significant than any of these figures are those which show the relative portion of the total volume of manufacture for which the small establishments are responsible. Table No. IV shows that the two largest classes of establishments number only 24,163, 11.2 per cent of the total number. But they represent 81.5 per cent of the total capital, $10,334,000,000 and employ 71.6 per cent of all the wage-workers in manufacturing industries.

TABLE V

MANUFACTURING ESTABLISHMENTS, 1905[1]

Capitals.	Number.	Per Cent.	Total Capital.	Per Cent.	Number of Workers.	Per Cent.
Less than $5,000........	71,162	32.9	$165,300,000	1.3	106,300	1.9
$5,000 to $20,000......	72,806	33.7	531,100,000	4.2	419,600	7.7
$20,000 to $100,000....	48,144	22.2	1,655,800,000	13.0	1,027,700	18.8
$100,000 to $1,000,000...	22,281	10.3	5,551,700,000	43.8	2,537,550	46.4
Over $1,000,000........	1,882	0.9	4,782,300,000	37.7	1,379,150	25.2

These figures conclusively prove that industrial concentration is an indisputable fact, so far as the United States is concerned at least. Here, as in Europe, numerous petty industrial establishments continue to exist, but their influence is relatively insignificant. The above table shows that the establishments capitalized at less than $5,000.00 constitute 32.9 per cent of the whole number of establishments, but represent only 1.3 per cent of the total capital and 1.9 per cent of the total number of wage-workers employed. This process is not confined to the United States, but goes on in every industrial nation.

The persistence of petty industries is unimportant: From the Socialist point of view the persistence of small industrial enterprises is not only quite unimportant, but is, for a long time to come at least, inevitable. They may even continue to exist under a Socialist regime. The preparedness of society for Socialism, for social ownership and control, is not to be determined by the number of little industries and business establishments that still remain, but rather by the number of great ones which exist. Karl Kautsky argues this very ably. The ripeness of society for Socialism is not to be disproved by the number of wrecks and ruins which abound. "Without a developed great industry, Socialism is impossible," says Kautsky. "Where, however, a great industry exists to a considerable degree, it is easy for a Socialist society to *concentrate production, and to quickly rid itself of the little industry.*"[2]

While some petty industrial and business establishments

[1] The table is quoted from *Socialism Inevitable*, by Gaylord Wilshire, p. 326.

[2] Kautsky, *The Social Revolution*. p. 144.

undoubtedly do exist, and even increase in number, the increase of large industrial establishments employing many more workers and much larger capitals is much greater. The same thing is true of the retail trades. Furthermore, these petty industries are very transient and unstable, being absorbed or crushed out of existence as soon as they get big enough to be worthy of attention on the part of the powerful industrial corporations, either as competitors to be feared or as desirable tributaries. So long as they simply maintain their owners at or near the average wage-earner's standard of life they pass unnoticed, but once they manifest signs of becoming prosperous and potentially dangerous as competitors they are either absorbed or relentlessly crushed. The small corner drug store may exist as an individual enterprise, but generally it can only do so if its "proprietor" consents to become virtually an agent for some great corporation. If he refuses, he is very likely to find himself matched against a competitor who can ruin him. In all our large cities to-day there are drug stores, cigar stores, restaurants, saloons, grocery stores, and so on, which are owned by great corporations having branch establishments all over the country.

Concentration of control: We must be careful to recognize the fact that concentration of control may be just as important as concentration in industry. It may be true that 75,000 stock-holders own stock in the Pennsylvania Railroad, but the influence of the stock-holder is negligible, and the power is as effectively concentrated in the hands of a few men as though they owned every share of the stock. This concentration of control in the hands of a few is more important than is generally realized in the discussion of the subject of concentration. It enables the operation of industry to be carried on for the benefit of a class, and so adds stability to class rule.

Concentration in agriculture: The most damaging criticisms of the theory are those directed against its application to agriculture. Marx conceived the general process of industrial development, including the more or less rapid extinction of petty production, to be repeated in agricultural industry. He regarded the small farm as being incompatible with the development of a really rational agriculture, just as the small workshop was incompatible with really rational production,[1]

[1] Cf., *Capital,* Vol. III, pp. 724, 938–939, etc.

that is, production in the most efficient manner. Rationalizing agriculture and rendering it capable of being conducted upon a gigantic scale seemed to Marx to be an inevitable result of capitalistic development. The advance of agricultural chemistry and the invention of power machinery to take the place of most of the cumbrous and slow hand labor of the farm implied, he believed, the practical extinction of the small farm through the old method of big fish eat little fish, numerous small farm units being concentrated into a few large ones, operated by capitalists.

For a few years it seemed as if this prediction was being rapidly fulfilled, especially in the United States through the great "bonanza farms." But in recent years there has been a marked tendency in the opposite direction, both in this country and in Europe. The number of farms is not decreasing, but increasing; there is no increase in the average farm acreage to suggest the absorption of smaller farm units by larger ones, but a decrease. As we have seen in Chapter II, the increase in the number of small farms is accompanied by a decrease in the percentage of farm operators who own their own farms. Hence, in the discussion of the subject, the critics of Marx and those of his disciples who cling to the belief that the theory of concentration holds equally good in agriculture and manufacture rely upon the same set of figures. One side points to the increase in the number of farms, while the other side points to the decrease in the proportion of free and unencumbered ownerships.

Concerning the actual ownership of the farms operated by tenants we know very little indeed. It is possible that a full investigation of the subject would reveal the fact that concentration of farm ownership has proceeded much further than is commonly supposed. The same may be said of farm mortgages. In 1890 the mortgaged indebtedness of the farms of the United States was $1,085,995,960, a sum almost equal to the value of the entire wheat crop. Here, again, we know very little about the ownership of farm mortgages. That many of the insurance, banking and trust companies have large investments in them we know, and this, too, is a phase of concentration of farm ownership which must be taken into account. Moreover, as we also noted in Chapter II, the modern American farm is undergoing a great trans-

formation in that many of the things formerly regarded as essential to the farm are now separated from it. Butter-making and cheese-making have largely passed from the farm to the factory. In other words, division of labor and the introduction of machinery have led to the absorption of many of the functions of the farm by capitalistically owned factories. To these considerations may be added the increasing divorce of the farmer from the ownership of the necessary equipment of the industry under modern conditions, including the grain elevators, the cold storage houses, and even the railroads.

Permanence of the small farm: A consideration of the foregoing factors puts the subject of agricultural concentration in a new light, and suggests that there are processes of concentration going on of which Marx never dreamed, and which are not obvious. At the same time, even when those things are taken into account, it must be admitted that the concentration Marx had in mind, namely, the elimination of small scale agricultural production by means of the superior force of production possible upon farms of immense size, conducted upon capitalist lines, is not apparent anywhere. The small farm, therefore, cannot be regarded as transitory, a relic of the past, but must be regarded as one of the most important factors in our economic system, destined to continue as such for a long time to come, perhaps permanently.

Concentration of wealth: We need only briefly consider the concentration of wealth. It is a rather common error to confuse the concentration of wealth with the concentration of capital. If all the units in a given industry were to be united in a single industrial corporation, that would be a perfect example of the concentration of capital. But it is not inconceivable that every one of the owners of the units might have a share in the corporation exactly equal to the capital value of his particular unit. There would then be no concentration of wealth as an immediate result of the concentration of the industry itself. That concentration of wealth might later develop from it is beside the point of discussion.

The principal bearing of this question upon Socialist theory is the test it provides of one of Marx's most famous generalizations, that the middle class must disappear and

society come to be represented by two polar classes, the rich capitalist class and the proletariat. There is probably no subject of equal importance in the whole realm of economic discussion upon which it is more difficult to get conclusive evidence. The principal data are (1) statistics of taxable incomes and inheritances in countries where these are taxed; (2) the number of savings bank deposits; (3) statistics relating to the number of investors in industrial and commercial enterprises. The inherent defects of all three sources are easily seen and universally admitted. We need only note some of the most important defects.

Defects in principal sources of evidence: With respect to income taxes the universal tendency is to understate the amount of large incomes. It was this tendency which once caused a British prime minister to declare that the income tax had made a nation of perjurers. The statistics of inheritance taxes do not reveal all the truth, for the reason that where such taxes are imposed it is a common practice for large land-owners and other property-owners to transfer their properties to their heirs during their lifetime, thus escaping the tax. This has been notoriously the case in England since the imposition of the so-called "death duties." The number of savings banks deposits is of very little value as evidence in this discussion, because a very large proportion of the deposits are made by children, petty savings. On the other hand, many business men make it a practice to place deposits in a number of savings banks, and their deposits, being relatively large, inflate the average and destroy the value of any average of per capita deposits. Spahr shows, for example, that in New York, while the number of savings bank deposits was more than twice the total number of families, two-thirds of the families had no bank accounts at all, nor any other registered property whatsoever.[1] The statistics relating to the number of share-holders in corporations are equally worthless. We have no means of knowing what proportion of the total number consists of petty investors, people who own one or two shares in a single company at most, representing their entire capital, and what proportion is made up of duplications—people who are investors in many

[1] *The Present Distribution of Wealth in the United States*, by Chas. B. Spahr, p. 57.

corporations, and so appear again and again in the total number.

Definite evidence of concentration: But while we cannot measure with any degree of accuracy the concentration which has taken place, there is overwhelming evidence of the fact that it has been considerable. The fact is hardly disputed by anybody. While in the United States great extremes of wealth and poverty were relatively unknown in the early part of the nineteenth century, to-day such extremes are common, and multi-millionaires and paupers are about equally characteristic of our social life. The most careful investigation of the subject yet made is that made in 1895 by the late Dr. Charles B. Spahr, who found that 44 per cent of the families in the United States owned practically no property at all; that seven-eighths of the families owned barely one eighth of the national wealth, and that one per cent of the families owned more than the remaining ninety-nine per cent.[1] It is certain, moreover, that since that time there has been a marked increase in the degree of concentration.

The Socialist view of concentration: The concentration of economic power and of social wealth in the hands of a class is a necessary stage in economic evolution, through which society must pass before it will be possible to conduct production upon a coöperative basis with collective responsibility. The evils which result are incidental and it would be foolish to check the economic development because of the pain which it involves, even if that were possible. Wherever injury can be minimized it is worth while to do so, and, so far as the workers are concerned, it is necessary for them to combine for that purpose. That is the reason for trades union activity and for political activity directed toward remedial social reforms. Within capitalist society itself the industrial forms of a new society are being fashioned. Alongside with this process the education and organization of the workers is going on. The workers of a century ago could not have established an industrial democracy, even if they had been educated and trained to participate in democratic government. They were limited by the isolated hand production of the time. But society has made tremendous

[1] Spahr, *op. cit.*, p. 69.

strides. We are already in the presence of great monopolies which appear to the Socialist as industrial forms ready for the spirit of democracy, of Socialism.

SUMMARY

1. Under capitalism there is a uniform tendency toward the concentration of industry in the hands of the few.

2. The persistence of competition in petty industries is relatively unimportant and does not invalidate the theory of concentration.

3. The same tendency is shown in modern agriculture through the decreasing proportion of farms owned by their operators, and in the increasing dependence of the farmer upon capitalist industry.

4. Wealth as well as capital tends towards class concentration.

QUESTIONS

1. Characterize the three stages of capitalism.

2. On what grounds is the theory of concentration attacked?

3. How may the persistence of small industries be explained?

4. What was the theory of Marx in regard to agricultural concentration? How must it be modified?

5. Along what lines is the dependence of the farmer upon capitalist industry increasing?

6. What are the difficulties involved in determining the degree of the concentration of wealth?

7. What is the Socialist attitude toward the concentration of wealth and industrial power?

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CHAPTER XV

MONOPOLIES AND TRUSTS

Advantages of large scale production: The industrial revolution demonstrated the overwhelming advantages of division of labor and power machinery over the old handicraft system. With the improvement of transportation facilities the early form of the factory system is in turn supplanted by a system of large scale production whose units are immense factories, often employing thousands of hands. Large scale production saves in the purchasing of raw materials and in the application of power. Materials and coal can be purchased in train loads cheaper than in car loads. Five thousand horsepower costs much less than ten times as much as five hundred horsepower. Large scale production makes possible the use of expensive machinery and the attainment of a high degree of mechanical efficiency in consequence.

The labor cost is relatively less. Greater subdivision of labor makes larger production possible. The cost of superintendence is relatively lower, and the whole organization can be made more efficient and more nearly perfect than would be possible with production on a small scale. Different grades and kinds of goods can be made in different plants belonging to the same concern, and each plant can run continuously on the same grade, thus saving the cost of changing machinery. By-products can be fully utilized. The butcher who kills three or four animals a week can use nothing but the best parts of the meat and the hide, but in a great packing house not an ounce of material need be wasted. Petroleum could be distilled on a small scale, but the residuum would be wasted and only the kerosene used. In a Standard Oil refinery the petroleum yields not only kerosene and gasoline, but also lubricating oils, paraffine, aniline dyes, coal tar, vaseline, drugs of many kinds, and even the chief constitu-

ents of commercial rubber. A large concern can much more easily experiment with new methods and new by-products than a small one.

These are the natural and legitimate savings of large scale production. The power of large capital also obtains for a great enterprise special privileges from state and local governments and from railroad and steamship companies. Companies and corporations producing on a large scale are enabled to undersell their competitors in one locality and crush them, while keeping up prices elsewhere.

The advantages of large scale production are limited by the "Law of Diminishing Returns," and there is undoubtedly a point of maximum efficiency in the unit of operation beyond which it will yield less than a proportionate return. In the steel industry it is estimated that this point of maximum efficiency can be attained by the investment of $30,000,000. This investment will give all the advantages of large scale production.

Advantages of combination: But while such a concern as the Cambria Steel Company may be able to produce steel as cheaply as the United States Steel Corporation, the latter has many advantages due to the harmonious working together of many scattered units of operation. The advantages of the unit of maximum efficiency can be retained and the additional advantages of combining competing plants obtained. In the first place, fewer salesmen are needed. Where before the combination each establishment was obliged to maintain its staff of salesmen in all the cities in which its output was sold, under the combination, a single selling agency with its branches is entirely sufficient. The Distilling Company of America could thus dispense with the services of three hundred salesmen and save $1,000,000 annually.[1] The American Steel and Wire Company retained only fifteen or twenty salesmen out of the force employed by the companies making the combination, "between two and three hundred men."[2] A similar saving can be made in advertising.

Where the product is bulky and the freight cost relatively high, great advantages can often be effected by shipping

[1] Montague, *Trusts of To-day*, p. 48.

[2] Report of *The Industrial Commission*, Vol. I, p.1018.

to the consumer from the nearest plant, thus saving cross freights. Combination in production permits the strategic location of plants, from which distribution can be made with a minimum of waste. Mr. John W. Gates, of the American Steel and Wire Company, testifying before the Industrial Commission, said: "I should think that the cross freights would amount to half a million or a million dollars. It is a saving in that particular."[1] With their greater size and capital big concerns can maintain distributing stations in all parts of the country, shipping there in train-load lots and saving the additional cost of small shipments.

In many industries in which combination has taken place there are great advantages due to the integration of allied industries. Before the organization of the United States Steel Corporation the manufacture of such finished products as tubes and tin plates was carried on by separate concerns which purchased the steel from other corporations engaged only in the production of the rougher steel products. The combination effected a saving by making all of the transfers of material from the iron mine to the final sale simply matters of bookkeeping.

Where competition has brought into existence an excessive number of plants, the combination can dismantle and abandon a large proportion of them with profit. An extreme example of this form of economy is found in the history of the so-called "Whiskey Trust." Eighty-one distilleries went into the original combination in 1887 and all but ten or twelve of the plants were closed soon afterward and production concentrated in the largest, best equipped and most conveniently located houses.[2]

By comparative accounting and demonstration as between plants, all can be kept up to the highest possible efficiency. A new form of competition is inaugurated between the superintendents and men of different plants for the turning out of the largest product at the lowest cost.

Large scale production and monopoly: Monopoly strictly means that the total supply of the commodity in question is controlled by one person or group of persons. In practice

[1] *Report of the Industrial Commission,* Vol. I, p. 1030.
[2] *Report of The Industrial Commission,* Vol. I, p. 170. Testimony of C. C. Clark.

the term is used to signify the control of so mucn of the supply that the market price can be fixed at the point of highest net return. A corporation controlling three-fourths of a given product can usually control the price, for the other producers could not supply the market if they tried, and the majority of purchasers must come to the large producer. Then it is always possible for such a concern to crush the others if they become too troublesome. Therefore, the small manufacturers generally agree to sell at the monopoly price.

Neither large scale production nor combination, nor both together, necessarily constitute monopoly. Just before the organization of the United States Steel Corporation, there were several independent steel companies organized on a national scale, enjoying nearly all the benefits of large scale production and combination. In general the threat of price cutting brings all such competitors to an agreement which affects the consumers in practically the same manner as a monopolistic combination.

Industrial monopoly is usually the result of the combination of a number of small producers for the purpose of avoiding the evils of competition. Combination may be effected by outright purchase of one concern by another, by the leasing of the property of one by another, by the organization of a new corporation to take over the business of two or more older concerns, or by means of the pool, the trust or the holding company.

Monopoly may also result from a number of other causes. Chief among these are (a) control of the supply of raw material, such as coal and iron-ore deposits; (b) special advantages granted by the State, such as franchises, patents, trademarks, land grants, protective tariffs, and the like; (c) special advantages conferred by quasi-public action, such as preferential rates, rebates, exceptional transportation facilities, and the like, granted by railroad and steamship companies and other similar corporations. Then there are the monopolies which are commonly termed "natural monopolies," consisting mainly of public service enterprises, such as railroads, telegraphs, telephones, waterworks, gas and electric lighting and street railways. These are called natural monopolies because the conditions of their existence practically preclude the possibility of effective competition. To

duplicate any one of the public services named in any city would be too obviously wasteful to be tolerated. Competing water companies or competing street railway companies are not practicable. There is an apparent exception to this rule in the case of the telephone service, for in many cities there are competing companies. But here again the waste is so obvious, and the confusion and inconvenience necessarily arising from having to use two or more systems in order to get a full local telephone service so great, that the exception to the rule is more apparent than real.

Monopolies in the United States: The pool, the legal trust and the holding company have been the forms which monopolistic combination has assumed in the United States at different stages of its development. These three forms are all illustrated in the history of the oil industry. Previous to 1874 the oil business in America was still in its infancy. Competition generally prevailed. Such attempts at agreement as the South Improvement Company (1871) and the National Refiners' Association (1872) completely failed to effect the object in view. In 1874 the principal refiners, of whom the members of the Standard Oil Company of Ohio were already the strongest, met and agreed to divide the markets among themselves and to abstain from all price cutting. This agreement, which became known as the Standard Alliance, was a pool. This pool was further strengthened by an exchange of stock among its members.

In 1882 it was felt that the pool was too loose a form of organization and a new form was devised which became known as a trust. A board of nine trustees was chosen by the refiners and the stock of all the leading oil companies was deposited with them, the former stock-holders receiving in exchange trust certificates to the value of the stock they deposited. All dividends were then paid to the trustees and by them paid to the holders of trust certificates in proportion to their holdings.

The trust was declared illegal under the common law by the Supreme Court of Ohio in 1892. Having ignored the order of the Court, it was attacked in contempt proceedings, after which the Standard Oil Company of New Jersey was chartered in 1899 as a holding company with the power to hold and vote the stock of any oil company. The chief difference

between this form and the trust was that the new form was regularly incorporated and had directors instead of trustees. The holding company is also commonly called a trust when it has monopoly power.

Examples of all forms of combination are familiar to-day and the prices of a very large part of the necessities of life are fixed by monopolies at the point of highest net return.

Advantages of monopoly: As lately as the middle of the nineteenth century it was thought that the limit of large scale production was reached when the owners of the business could no longer personally supervise the work of production. Now all is changed. The development of the great industrial corporation has removed the owner farther and farther from the process of manufacture. Whole great national industries are now controlled by gigantic corporations. Still others are monopolized in the form of pools and agreements for the regulation of price and output.

The monopolistic combination has all the advantages of large scale production, such as saving in the purchase and sale of goods and the application of power, in labor, in organization and the utilization of its by-products. It has also all the advantages of combination, such as saving in the number of salesmen, saving in cross freights, and concentration at points of greatest advantage. Not only does it have these advantages in the highest degree, but it is able to control the market for raw materials and finished products, to regulate the output according to demand, and fix the price at the point of highest net return.

Monopolies arising out of franchises, patents, trademarks, land grants, protective tariffs, and other privileges granted by the State, or from the favoritism of other corporations have most of these advantages. Monopoly arising out of pure combination is almost always complicated by some alliance with these monopolies of privilege. It is practically impossible to consider them apart. For example, much of the strength of the United States Steel Corporation has come from protective tariffs, franchises and patent rights.

Has competition been fairly tried? It has been asserted that monopoly is exclusively the result of these artificial conditions, and that the removal of the various forms of special privilege would destroy monopoly and make com-

petition real. This is the position not only of the so-called Jeffersonian Democrat, but of the philosophical anarchist. But the J. & P. Coats Company, which practically controls the cotton thread market of the world, grew up in free trade England, and in the American and German combinations the growth of combination has not been confined to the industries which have received the greatest privileges. Protective tariffs and other privileges have undeniably hastened the formation of monopoly, but the inherent advantages of monopolistic combination would of themselves be a sufficient and compelling reason for the development which has taken place.

Competition is inherently self-destructive. Unchecked, it becomes a war to the death, ending in the ruin of the weaker competitors. Such cut-throat competition is usually checked, however, before this end is reached. Generally an agreement is reached which from the point of view of the public is virtually a combination. The Socialist contends that some form of monopoly is inevitable, and also that nothing short of a paralysis of the genius of a people will ever prevent them from availing themselves of all the advantages of large scale production, combination and monopoly. Whenever it becomes apparent that a decided gain will result from combination, nothing will be able to check the tendency toward monopoly. Upon no other hypothesis can we explain the persistence with which the great corporations have opposed all restrictive legislation, enlisting the ablest legal talent of the country in the work of devising ways and means of evading and defeating the object of such legislation as has been passed and preventing the adoption of still further restrictive measures.

Restraint of trade: Monopolies and combinations have been attacked on the ground that they are contracts in restraint of trade. This term has undergone a decided transformation since combination assumed its present form. In the earlier common law restraint of trade meant the restraint of the freedom of carrying on one's personal vocation or trade. As early as the reign of Henry V of England an action was brought on a bond in which a dyer had contracted not to use his art in a certain city for a period of six months. The bond was declared void. Under modern

conditions the common law is interpreted as restraining any interference with competition, if the restraint is injurious to one of the parties to the contract or is likely to result in injury to the public. Under the common law, then, any agreement to raise prices is invalid and criminal. The "trust" agreement has been held to be invalid; and a corporation which permits its stock to be deposited with a board of trustees for the purpose of avoiding competition is liable to the forfeiture of its charter. The cases under the common law have all been decided in the State courts, and it was generally possible for the defendant monopoly to reorganize in another State, where action would not be brought against it.

The Sherman anti-trust law was passed in 1890, giving to the Federal courts jurisdiction in cases of restraint of trade where the trade in question was between states, between the United States and a foreign country, or in the District of Columbia. An attempt was made at the time to include in the law an exception in the case of "reasonable" restraint of trade, which was valid under the common law. But the amendment was rejected by Congress, and the law expressly states that "every contract, combination in the form of a trust or otherwise, or conspiracy in restraint of trade or commerce is . . . illegal."[1]

The law has been applied in a number of cases, and has been upheld as constitutional. In most of the cases tried under this law the net result has been that the form of combination has been altered without material change in fact. The law has been most effective when applied to labor organizations. In the decisions in the cases of the Standard Oil Company and the American Tobacco Company, in May, 1911, the Supreme Court of the United States read into the law the exception which Congress had refused to include in it, so that the law now reads in effect "Every contract . . . in *unreasonable* restraint of trade . . . is illegal."

Thus monopolistic combinations as such are not forbidden, and it lies wholly within the province of the courts to determine whether any particular combination is injurious to the public or to any of its members.

Present status of monopoly: The fact of monopoly was

[1] U. S. Comp. Stat., 1901, p. 3200.

not in the least affected by the Supreme Court decisions in the Standard Oil and Tobacco cases in May, 1911. The holding corporation as such was not declared illegal. The stock of the corporation maintained the same high price as before. The Sherman Act has failed to bring about competition in the place of monopoly. Monopolies may continue as before with such slight modifications and changes in their form of organization as the courts may suggest. The control of industry is even easier than before, because there is no longer any uncertainty as to the application of the law.

Regulation of monopoly: The only method of coping with the evils of monopoly left to those who oppose public monopoly is that of regulation by the State. Those who urge this method argue that as the corporation is a creature of the State, an artificial person, the State is in a special sense responsible for it. The form of regulation which offers the greatest promise and is most generally advocated is federal incorporation of concerns doing an interstate business, with the right to regulate prices exercised by a commission similar to the Interstate Commerce Commission, which has the power to regulate railway rates. Federal incorporation is advocated by President Taft, and Judge Gary of the United States Steel Corporation has expressed his willingness to have the Government fix prices in such a way as to guarantee good dividends to the stock-holders.

Such regulation will probably be extensively tried, and the trial will mean that the theory of the possibility of conducting industry upon a competitive basis is definitely abandoned. The question of regulation will then resolve itself into a test of strength between the industrial State and the political State. If the industrial State with its plutocracy is able to dictate to the political State and control the commission charged with the task of regulating the corporations, then dividends will continue to be paid on watered stock, prices will still remain at the point of highest net return and the corporations will be more safely entrenched than before.

The Socialist view of State regulation: From the Socialist point of view, the objections to regulation are its inherent wastefulness, its bureaucratic nature and its ineffectiveness.

(1) Regulation is inherently uneconomical in that practically all the labor it involves is unproductive and unneces-

sary, or, at least, only necessary to avoid the evils of a defective system which might be replaced by a better one. Regulation really means that, in addition to the social labor necessary to production society must, through the State, expend still further social labor, simply to compel the monopolist to observe the rules which society in the exercise of its sovereignty has decided shall govern production. These rules the monopolist is constantly tempted to break, because at every turn they hamper him in his effort to gather profits. No one has yet made a serious and exhaustive study of this question and attempted to compute the cost to the nation of the measure of regulation we have already tried. That the sum would be enormous if computed is evident. Take the regulation of railroads, for example: the cost of all the federal and state legislation enacted for the purpose of regulating the railroads, its interpretation by the state and federal courts in the almost innumerable conflicts which have arisen under it, of the army of persons and the costly machinery of government employed in its enforcement, including such expensive agencies as the Interstate Commerce Commission, must all be reckoned. All this expense is incurred in order that we may retain private monopoly and at the same time protect ourselves against its worst evils. The true cost of railway service to the people is not the amount they pay to the railroad companies, but that amount plus what they spend in "regulating" the ra ways.

(2) The natural and instinctive tendency of the monopolist is to strive to evade all restrictions imposed upon him which in any manner interfere with his profits. To make the regulations adopted effective, it is necessary to demand from the monopolist a vast amount of nformation concerning his business. To be of any service this nformation must be examined, tabulated and checked—for which work the maintenance of an expensive bureau is necessary. To detect and frustrate attempts to evade the law, and to punish violations of the law, inspectors, detectives, attorneys and prosecutors must be employed in large numbers. As a result of this organized interference with business and business methods by the State we have developed a bureaucratic form of government very different from the simple democratic form of government which formerly prevailed.

(3) Regulation must ultimately fail for the reason that the gain to the monopolist which evasion or violation of the regulations imposed upon him, when it can be accomplished with safety, is an incentive against which the State is unable to contend successfully. It is the same principle which makes it almost impossible for the authorities to prevent the sale of liquor in a prohibition state. So long as the State permits the private monopolist to exist, it can accomplish little of permanent value by imposing restrictions upon him which make it impossible for him to obtain the profits he would otherwise receive. He will bribe the State's officials where possible, and secure immunity while he violates the law. Where that is impossible, he will engage the brightest and ablest minds in the nation to make a way whereby the forbidden fruit can be obtained. Thus the State must always be in the position of having many of the ablest and keenest minds devoted to the special task of outwitting it. At best, regulation thus becomes a war between the social organization, the State, and a class of monopolists.

Private versus public monopoly: Private monopoly is universally dreaded, and justly so. Monopoly gives power which it is not safe to entrust to any group of men in a commonwealth. It is essentially oligarchic, the rule of the many by the few. This is true regardless of the number of stockholders. The United States Steel Corporation may have forty thousand stockholders, but the real power of the concern is vested in a small group of financiers as surely as if they owned all of the stock themselves. Such great concentration of power is destructive of personal liberty, the freedom of speech and the press, of political democracy itself. Its destructive work is done in subtle and insidious ways. Churches and colleges are often bribed with gifts to become the defenders and apologists of plutocracy. Ministers and teachers are rarely purchased directly, but they are supported financially, praised and promoted in proportion to their faith in and devotion to the existing order.

Under monopoly, prices are always fixed at the point of the highest net return. In this sense, monopoly-price is always high price. "Get out of the consumer all that you can" is the motto of monopoly. Only thus can Standard Oil pay forty per cent. dividends and American Tobacco twenty-

five per cent. when the current rate of in terestis less than five per cent. Other monopolies pay similarly high dividends but conceal them by means of over-capitalization. But while monopoly-price is high price in the sense defined, it does not follow that under monopoly the consumer has to pay higher prices for the commodities he consumes than he would have to pay if competitive methods prevailed. Sometimes, indeed, the reverse is true. By fixing the price of commodities at the point of the highest net return is meant fixing the price at the level which gives the maximum of profit upon the whole output, rather than upon the unit commodity. Thus, more profit can be made by selling a large number of pins at five cents a package than could be made by selling a very much smaller number at ten cents. Regardless of other factors, monopoly always determines prices according to this rule. Sometimes, owing to economies in production, it can reap enormous profits while maintaining prices at a level which under competition would have left only a very narrow margin of profit. Thus, while the Distilling and Cattle Feeding Company raised prices, the Standard Oil Company, on the other hand, steadily reduced the price of oil and other products. The Sugar Trust, while it raised prices above the level reached during the period of relentless cut-throat competition which ruined nearly fifty per cent. of the independent refiners before the American Sugar Refining Company was formed, still did not raise them to the high level maintained for a long period at an earlier stage of the competitive era of the industry. On the whole, however, it is safe to conclude with Prof. Jenks, that monopolistic combinations have with practical uniformity either maintained or raised prices.[1]

Potential good in monopoly: But while private monopoly is admittedly fraught with danger to the public welfare, it would be a mistake to regard it as other than a step in the direction of a saner and juster industrial economy. Great as are its disadvantages, its potential advantages are equally great. The elimination of wasteful and anarchical methods is in itself a good and desirable thing: what is wrong is the fact that the resulting benefits are enjoyed by the few and not by society as a whole. There has been some positive

[1]J. W. Jenks, *N. Amer. Review*, June, 1901.

social gain in that the monopolization of industry has been largely accompanied by a modernizing of plants, large, well-ventilated factories taking the place of dingy, unsanitary sweatshops and factories. Despite the revelations of conditions in the Pittsburgh steel mills made by the investigators of the Sage Foundation, this is generally true of all industry which has passed from competition to monopoly.

From a Socialist viewpoint, then, indiscriminate abuse of monopoly is unwise and unscientific. The Socialist regards monopoly as a necessary step in the evolution of industry from wasteful and injurious competition to a social monopoly with all its benefits socially enjoyed. According to this view, social monopoly is at once the next step in evolution and the solution of the so-called Trust Problem.

Public ownership: The greatest progress in public ownership has been made by municipalities. It usually begins with the water supply. Municipal ownership of the water supply system is very general in Europe. Even in the United States, where municipal ownership has made less progress than in Europe, sixty per cent. of the water systems are municipally owned and operated. Other public services, such as gas, electric light, power and heat plants and street railways, remain for the most part in private hands on this side of the Atlantic. In Great Britain, on the other hand, more than half the gas consumed is supplied by municipalities owning and operating their own systems. Experience has demonstrated the superiority of public enterprise over private enterprise in this important service. Comparing cities of the same size, it is a notable fact that in those cities where the gas supply is privately owned and operated, only about half as many people per 1,000 of population use gas as where the service has been municipalized. The average price of gas per 1,000 cubic feet is lower under public than under private ownership. Nor are these the only advantages. As a rule, the wages of the workers employed in municipally owned gas-works are higher than those of similar workers employed by private companies, and their hours of labor are less. The service is more efficient and complaints are more readily adjusted. It has been found that the municipal administration is generally more progressive than the private company and more ready to adopt new inventions

and improvements. In addition to these very substantial benefits, the net earnings of the municipal undertakings are considerable, and in many cities large sums are applied from these earnings to the reduction of taxation or to the cost of new improvements. Manchester, for example, devotes more than $600,000 a year to the reduction of taxation from the net profits of its gas supply.

Another public service which in American cities remains almost entirely in private hands, while in Great Britain it is largely municipalized, is local transportation. Practically every large city in Great Britain owns and operates its own street railways, or is preparing to do so. Also, nearly every large city owns and operates its electric lighting system, and more than half the capital invested in this industry in Great Britain represents municipal undertakings. In both these services municipal ownership results in benefits similar to those enumerated in connection with the gas supply. Naturally, these advantages have given a great impetus to public ownership in Great Britain. Glasgow and several other cities have municipal telephone systems. Colchester has an oyster fishery. Many of the large cities conduct farms in connection with the disposal of their sewage, instead of wasting the sewage and polluting lakes and rivers as is too often done in this country. Birmingham, for example, sells enough stock, wool, crops and other farm products to yield a revenue of $125,000 a year.

In addition to all the advantages enumerated, public ownership tends to prevent graft and political corruption. This is almost self-evident, despite the frequency of the argument that the extension of public ownership would make graft more general. Every careful investigation of the causes of graft and political corruption in American cities has traced these evils to two main sources, the granting of franchises and the letting of contracts. When an Alderman is paid for his vote by a franchise-seeking corporation it is evident that public government is corrupted by private monopoly. It cannot be denied that the desire and effort of private monopoly to exploit society and make a profit out of its needs is the main cause of graft and corruption in our municipal politics. The remedy for this is to supplant private monopoly by social monopoly. It will be seen, then,

that the arguments for public ownership, even under the present system, are numerous and strong.

State Socialism: The extension of government ownership and State interference with industry, unaccompanied by any change in existing class relations or increase in the power of the people as against the power of capital, is sometimes called State Socialism. The term is not a felicitious one. Many Socialists object to its use and urge the use of the term "State Capitalism" as being more accurate—on the ground that the State simply takes the place of the individual capitalist or the corporation, and carries on industry in the old manner without any material change. The term State Socialism is here used with this explanation.

Every country has a certain amount of State Socialism. The postal service is a government monopoly in every civilized country. So are the coinage of money and the lighthouse and life-saving services with few exceptions. Most countries except the United States own and operate the telegraph and telephone services in connection with the postal system. State insurance against sickness, accident and old age is common. Prussia and Italy own the railroads within their borders. Switzerland owns all its water power. France has a monopoly of tobacco and Sweden of alcoholic liquors. Japan has gone far along the path of State Socialism, owning railroads, telegraphs and many manufacturing monopolies. Australia and New Zealand have gone even further in the direction of State Socialism and are also more democratically organized than the other countries named with the single exception of Switzerland.

However desirable State Socialism may be as a corrective of some of the worst evils of competition, or of private monopoly, it cannot be regarded as a solution of the social problem. The fundamental criticisms which are made against the industrial system in countries where private ownership is more general are made against the industrial system in countries having the largest measure of State Socialism. The same class distinctions exist, the class struggle continues, the proletariat still gets only a wage determined by competition in the labor market and lives near the poverty line, the capitalist is lord of the industrial State and through the power thus acquired becomes directly

the ruler of the political State. State ownership is not only not Socialism, but it is not of necessity a step toward it. The failure of State Socialism to do away with poverty and other evils is therefore not a valid argument against Socialism. In general, however, Socialists favor the extension of government ownership. They look upon it as the development within the capitalist order of the political and industrial forms which the proletariat will some day inherit and transform into the Socialist State.

SUMMARY

1. Large scale production saves in the purchase of raw materials in the marketing of the product, in the application of power, in labor, and in the utilization of by-products.

2. Combination saves in the cost of salesmen, in the elimination of cross-freights, in the elimination of poorly located plants and in comparative accounting and demonstration.

3. Monopolistic combinations embody the advantages of large scale production and combination with the power to control markets and prices.

4. Monopoly in spite of its dangers is a distinct forward step and is an inevitable feature of modern industrial conditions.

5. Socialists regard State regulation of monopoly as wasteful, bureaucratic and ineffective.

6. The public ownership of public service utilities and "State Socialism" have distinct advantages, but cannot be regarded as solutions of the social problem.

QUESTIONS

1. What are the specific advantages of large scale production? Of combination? Of monopoly?

2. What have been the usual forms of monopolistic combination in the United States?

3. What are natural monopolies? Why are they so called?

4. What is meant by the "Doctrine of restraint of trade"?

5. Why do Socialists regard State regulation as likely to fail?

6. How may monopoly benefit the consumer?

7. What are the advantages of the public ownership of traction facilities? What are the objections to public ownership?

8. To what extent do we have "State Socialism" in the United States?

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PART III

THE SOCIALIST IDEAL

CHAPTER XVI

THE UTOPIAN SOCIALIST IDEAL

The ideal of perfection: In every age of civilization there have always been idealists who, realizing the imperfections and injustices of the world as it is, have endeavored to formulate their conceptions of the world as it ought to be. Mankind has always had a weakness for these beautiful pictures of a perfected world, and many of them have given rise to sects and societies working for the realization of the ideal. The picture drawn is usually nothing more than the literary expression of the author's dreams, without any intention of starting a movement or a revolution. Its influence in bringing about social changes depends upon the social and economic conditions existing at the time in the land of its origin. The Utopian ideal frequently merges imperceptibly into the concept of a future life beyond the grave, and in writings of a mystical type it is sometimes difficult to tell which is meant, the earthly paradise of the future or the paradise in which dwell the spirits of the blessed dead.

The Utopias present themselves to us in almost infinite variety and they form one of the most interesting chapters in the world's literature. It will be impossible for us to do more than notice briefly a few of the most important of these pictures and the movements which have followed them.

Ancient Utopias: One of the first definite pictures of an ideal world is the *Republic* of Plato, one of the great masterpieces of literature. It is remarkable that even the great Athenian philosopher could not conceive of a society which was much more than the Athens he knew and loved with the more obvious defects removed. Communism still existed to a very large extent in Athens, but only within the limited cultured class. Beneath were the slaves, who far out-

numbered the citizens and by their labor gave to the Athenians the leisure to develop their culture. The wife was only a sort of superior domestic slave without personality of her own. So Plato extends the idea of communism in the *Republic*, introduces community of wives and children, and founds his whole ideal state upon slavery. Thus the *Republic* was little more than a description of the then existing Athens idealized. Although there are many features of this Utopia which are repulsive to the mind of the twentieth century, it undoubtedly pictured for the Athenian of Plato's day a higher and nobler ideal than he had heretofore known.

The *Republic* was written in the midst of the most wonderful civilization of antiquity by one of its greatest philosophers. Three centuries later, amid the ruins of an idealistic civilization which had been paralyzed by the moral degeneracy of its ruling class and crushed by foreign military power, a man of the people began to preach the ideal of a perfected and regenerated state on earth blended with the ideal of another life of bliss beyond the grave. His preaching and tragic death brought about the formation of an organized group which, in the face of relentless persecution and martyrdom, carried on the Master's preaching and laid the foundations of organized Christianity, the most influential of all world movements. It is especially noteworthy that this movement was in its origin essentially communistic, for it is recorded that "all that believed were together, and had all things common; and they sold their possessions and goods, and parted them to all, according as any man had need."[1] And again, "not one of them said that aught of the things he possessed was his own; but they had all things common."[2] From the point of view of its influence upon the lives of men no other Utopian ideal can rank with the "Kingdom" which Jesus proclaimed.

Sir Thomas More and his "Utopia": The work which has given its name to all speculations as to a perfect society had its origin in the social unrest of England during the Reformation period, and was written by a man who as Lord Chancellor of England disagreed with his royal master, Henry VIII, and paid the penalty on the scaffold. Its

[1] *The Acts*, chap. ii, 44.
[2] *Idem*, chap. iv, 32.

literary form has been very generally followed in the later Utopias.

Until the Great Plague of 1348–49, which killed half the population of England, agricultural interests were still of first importance, and the manorial system still prevailed. After the plague there was a scarcity of labor and wages rose rapidly until parliament passed the "Statute of Laborers," fixing wages at the rate which had prevailed before the plague. This resulted in the Peasants' Revolt of 1381, and a partial victory for the laborers. As the towns grew and the woollen trade became more important, the landlords enclosed the manorial lands and became sheep raisers, thus dispensing with the services of a large part of the troublesome laboring class, dispossessing them from their homes and driving them into the towns to become common laborers, or, in many cases, reducing them to vagabondage, crime and beggary. It was the natural hardship of the transition period between the old and the new, but More saw only the distress of the people and demanded a return to the happy days of the agricultural stage.

The *Utopia* (1516) "contains the criticism of a great philosopher on the industrial and social changes marking the opening of the age of capitalism."[1] The criticism of early sixteenth century society takes the form of a contrast of the ideal commonwealth "Utopia," which is supposed to have been visited by an explorer in the recently discovered New World. More points out the growing contrast between the rich and the poor in England, the evils of low wages and the oppression of class by class. He attacks property rights in all forms, and condemns evil conditions whether in State, church, or in the hearts of individuals. The condemnation of the rich parasites and their "retainers and loitering serving men," the charge that private property gives rise to crime, which is chiefly committed against property, and the scathing denunciation of war and militarism, all sound very much like the social criticism of to-day.

In Utopia these evils do not exist. Property is held in common, "every family maketh its own garments," six hours a day are given to labor and there is no exploitation,

[1] *Socialism Before the French Revolution*, by W. B. Guthrie, p. 92.

all able-bodied persons work, even women and the clergy. Monogamous marriage exists, regulated by the State for the good of society; money does not exist, and gold is put to base uses; the government is an absolute monarchy, but the monarch is elected by the people.

The *Utopia* did not give rise to any sect, party or movement, but the beauty of the ideal and the perfection of its literary dress have made it one of the immortal masterpieces of literature. As such it has had a great and beneficent influence during nearly four hundred years.

Utopias of the seventeenth and eighteenth centuries: In the two centuries after the time of More a number of noteworthy Utopias were written. Tommaso Campanella, a Calabrian monk, wrote *The City of the Sun* (1623), a fanciful work which is believed to have inspired the Jesuits to undertake their communistic experiments in Paraguay. His work is in many respects similar to Plato's *Republic.* His ideal involves communism in goods and wives, but slavery is prohibited and work is common to all. A contemporary of Campanella, Francis Bacon, statesman and philosopher, wrote the *New Atlantis* (1627), a distinctly philosophical romance. The work is a romantic description of an imaginary ideal State in which the happiness of the people is attained by means of the political machinery under State guidance. In a sense the work is incomplete, for the author did not live to fulfil his intention of publishing a complete model of the laws necessary for such a commonwealth. James Harrington's *Oceana* (1656) was written during the period of the author's self-imposed seclusion following the execution of his friend, Charles I. Half romance and half treatise, its style was probably suggested by More's great work, but the ideal which it presents is a very different one. Harrington is first of all a republican. The rulers of ideal commonwealth are all elected by the people, by ballot, the term of office being three years. The Senate discusses and debates laws, the people decide upon their adoption and rejection, and the elected magistrates execute them. Private property, as such, is not interfered with, but landed property, being the most important form of property, the one which confers greatest power, is so distributed that no one person can obtain more than a certain fixed revenue from it. After the

Restoration of Charles II, Harrington was imprisoned in the Tower of London for treason. Morelly in the next century with his *Basiliade* (1753) and *Code de la Nature* (1755), marked a distinct advance in the direction of modern thought. For the former work he adopted the medium of fiction usually chosen by Utopians, but the latter work is a treatise, frankly analytical and philosophical in form. He had a profound influence in forming the social theories of the French Revolution. The period of the Revolution itself gave rise to many Utopias, of which those of Boissel, Babeuf and Barnave are the best known.

Saint-Simon: We come now to that remarkable group of Utopians, Saint-Simon, Fourier, Owen and Cabet, whose influence upon the Socialist movement as we now conceive it was by no means small. The first of these, Count Henri de Saint-Simon, was born in 1760, and lived through the stirring times of the reign of Louis XVI, the Revolution and the First Republic, studying and experimenting. His first published work appeared in 1802, but it was not until 1817, in *L'Industrie*, that he began to teach his views in regard to society. The best expression of his theory, however, is contained in *Le Nouveau Christianisme*, published in 1825. It was this work which first aroused the interest of Karl Marx in the subject of Socialism.

The recent Revolution and the economic conditions of the Restoration gave Saint-Simon the basis for his theories. He believed that the goal of social activity is "the exploitation of the globe by association," In some respects he comes remarkably near to the viewpoint of the later scientific Socialists. For example, the idea that political questions and political institutions are based on economics appears in *L'Industrie*, where he points out that politics is really after all nothing but the science of production and foretells the future complete absorption of politics by economics. While he had nothing like a conception of the theory of class struggles in the modern Socialist sense, at times he came very close to it. In his very first work he insisted that the French Revolution was essentially a class war, and that the Reign of Terror was the reign of the non-possessing masses. His concern is always for the workers, "the class that is the most numerous and the most poor." Still, his perception of class

antagonisms is not deep enough to prevent him from building his Utopia around the idea that the bankers, merchants, manufacturers, and other sections of the *bourgeoisie* will become at once servants of the whole of society, divested of their class feelings and interests. This is not remarkable in view of the fact that modern industry was only beginning in France when Saint-Simon wrote, but the fact marks his whole thought as essentially Utopian. The religious side of Saint-Simonism is important, if mystical. The existing forms of religion are all to be abolished, and a new ethical order founded upon the teachings of Jesus, having for its object the amelioration of the conditions of the poor. After his death Saint-Simon's teachings were taken up by a band of devoted disciples, but vain and fanatical leadership demoralized the movement, and it became the prey of freaks who dragged it into the mire and thoroughly discredited it.

Fourier: The work of Charles Fourier was much more far-reaching in its influence than that of Saint-Simon. Fourier was born at Besançon, France, in 1772. He was the son of a wealthy merchant and received a legacy of about 80,000 francs upon the death of his father in 1781. It is said that he lost practically the entire sum during the siege of Lyons in 1793. In 1812 he received a second legacy from his mother's estate, which yielded him an income of about 900 francs a year, and this enabled him to abandon commerce and devote himself to the study of social problems. In 1803 his first work appeared, an essay in which Fourier developed the idea that in order to have universal peace it was necessary to establish a universal empire. Fourier's social theories are contained in the following works: *The Theory of the Four Movements and of the General Destinies*, 1808; *Treatise of Domestic and Agricultural Association, or Theory of Universal Harmony*, 1822; *New Industrial World*, 1829; *False Industry and Its Antidote, Natural, Attractive Industry*, 1835.

Fourier differs from all the other Utopians in that he does not make his appeal to the sentiments of men, but to their material interests. He does not condemn society because of the sufferings it inflicts upon the poor, but upon the wastefulness and anarchy of production. His cry is for "Order"

and "Harmony," not for "Justice" or "Fraternity." That happiness for all mankind would result from this social order Fourier believed, and so much was implied in all his teaching. But it was not his primary concern. Like Saint-Simon, he was essentially religious and his theories were closely related to his religious conceptions. But his religion is very unlike Saint-Simon's: it is more philosophical and less humanitarian and emotional. He regards the whole universe as God's harmonious creation. Its wonderful harmony impressed him as the model man ought to copy in his social arrangements. God never wasted effort and therefore the passions and instincts with which man was endowed were meant by God to be used. Every human passion, therefore, must have its place, and only that society is worthy which offers full opportunity for their free exercise.

Such is Fourier's philosophy, briefly stated. Upon it he rests the most elaborate scheme ever devised by any Utopian writer, and that fact makes all the more remarkable the great vogue it obtained. It is impossible here to do more than outline the main features of Fourier's system. The social unit is the Phalanx, not the State as with Saint-Simon and most of his predecessors. The normal Phalanx consists of four hundred families, or eighteen hundred persons, living on a square league of land, self-contained and self-supporting. This Phalanx provides its members with every opportunity for the free development of the most varied likings and capacities. The principal edifice, the communal dwelling, is a Palace, which Fourier describes in great detail. It consists of a double line of continuous buildings, about 2,200 feet in length. There are dining-halls, study rooms, a library, workshops for noisier occupants—far removed from the quiet centre—a hotel with apartments for strangers, and the apartments of the members are so varied as to meet every individual need and preference. The various phalanges are ultimately to form a great federation with a capital at Constantinople. The chief ruler of the world will then be the Omniarch, and he will be assisted by three Augusts, twelve Cesarinas, forty-eight Empresses, 144 Kalifs, 576 Sultans, and so on.

An essential feature of his system was the emphasis placed upon the education of children. Give useful vent to every

passion and desire, he reasoned, and all will be well. Children love to play in the dirt, for example, therefore the passion must be given free play. But it should not be wasted. The children can be organized into "little hordes" to remove the dirt from around the Palace—a rather queer anticipation of the boys' street cleaning brigades of some of our cities. There is nothing of communism in Fourier's scheme. The property of the Phalanx is to be held by stockholders. It is not necessary to hold stock in order to be a member, nor need one be a member in order to become a stockholder. Every member must labor at rates fixed by the council. At the end of the year an inventory is made and the profits are divided—five-twelfths to labor, four-twelfths to capital, three-twelfths to skill or talent.

But the most fantastic part of Fourier's system is his theory of cosmogony. As one reads it to-day it is impossible not to marvel that so many brilliant minds were attracted by Fourierism. The life of each planet, including the earth, is 80,000 years. The period of infancy is 5,000 years, that of ascending development 35,000 years, that of descending development 35,000 years, that of senility 5,000 years. Within the life of the earth the human race must pass through thirty-two periods. We are now in the fifth period, civilization. The eighth period will be that of Harmony and will bring complete happiness. Then there will develop a "polar crown," which will revolutionize the globe. The ice will disappear from the arctic circles and there will be no torrid zone, for climate will be equal all over the world. Wild beasts will disappear and new animals, useful to man, will take their place. Even the water of the ocean will acquire a new use—it will become lemonade, so that he who desires to quench his thirst need never want.

Fourier's relation to Socialism: Such were the teachings of the man whose most brilliant disciples were to be found here in the New World, where his social system received its most important trials. What, it may well be asked, have these theories to do with Socialism—how does Fourier enter into the history of the movement at all? In the first place, Fourier is not in a true sense of the term a Socialist. His basic idea is rather that of establishing harmony between labor and capital. He comes near to the modern scientific

Socialists in one respect, namely, in his criticism of existing society. With rare literary charm he satirizes the bourgeoisie in a manner which makes one wonder that so keen a satirist should manifest so small a sense of humor. His criticism of the position of woman is most masterly. It is to him we owe the idea that the degree of woman's emancipation is the best measure of the general emancipation of any society. Then, too, Fourier's conception of social evolution, and his division of the history of mankind into epochs, is an interesting anticipation of the evolutionary basis of modern Socialism. Finally, as one of the last of those great movements for the remolding of society to conform to an abstract principle, it must be considered in any study of the development of the Utopian tendency to the point where it loses itself in the new movements of science.

Robert Owen: By far the greatest of this group of Utopians is Robert Owen, sometimes called the "Father of Modern Socialism." Born in 1771, of poor parents, Owen was one of those who acquired a fortune out of the commercial maelstrom which attended the birth of the Industrial Revolution in the series of inventions that culminated with Watt's steam engine and Cartwright's power loom. While he was yet in his teens Owen rose to a prominent position as a manufacturer. He saw the appalling misery and poverty which attended the new industrial regime, and was especially struck by the terrible suffering of little child workers, who, from the age of five, were compelled to work as many as fourteen hours out of the twenty-four, by night as well as by day, and subjected to almost incredible cruelty and hardship. Owen began an agitation in Manchester which led to the passing of the first factory act, in 1802, by the Peel ministry.

Owen is best known by the Utopian experiments he made at various times and places, of which New Lanark, Scotland, and New Harmony, in the State of Indiana, are the most important. The first of these was an example of paternalism, a sort of "benevolent feudalism"; the second was an example of modified communism. Owen went to New Lanark on the opening day of the nineteenth century to assume the management of a large cotton mill, of which he was part owner. The factory employed more than two

thousand persons, and was widely known as "the best regulated factory in the world." But even here Owen found conditions so bad as to be positively revolting, and at once set himself to the task of improving them. He established infant schools, among the very first of their kind, and set apart certain hours in the afternoon for the instruction of the child-laborers. Prior to his coming children of five and six years of age were employed from six in the morning to seven in the evening and then compelled to go to school. He shortened the hours of labor for all employees, raised wages, introduced sanitary reforms, relieved the workers from the clutches of unscrupulous traders who exploited them shamefully through a vicious credit system, establishing a store to supply them with goods at cost and making payment of wages more frequent. In short, all that philanthropy could devise or suggest was attempted. New Lanark acquired a world-wide reputation as the centre of the greatest social experiments in history. Distinguished men from all parts of the world visited the place and with a unanimity that is a rare tribute to Owen's skill and sincerity praised it highly. Again and again Owen was forced to make great financial sacrifices and change partners. Although the business paid handsomely, there was almost invariably an objection by his partners to the expenditure of so much money upon what they could not but consider a foolish object. For twenty-nine years Owen kept up the New Lanark work and then turned to the advocacy of communism, the second phase of his social career.

At New Lanark, through his educational experiments, Owen had become impressed with the idea that human character is largely formed by and dependent upon environment. This he made the basis of an educational propaganda that was very far-reaching, and that drew forth the most bitter attacks by those who regarded his assault on the doctrine of the freedom of the will as an attack upon all that religion meant. In 1817, when the British government was discussing the best means of remedying the frightful distress of the period, Owen proposed a plan, the essential feature of which was that the government should establish communistic villages. From this time onward he gradually lost interest in mere philanthropy. He wrote and lectured

incessantly, advocating the establishment of coöperative communities. Like Fourier, whose work he always claimed to have to a large extent inspired, Owen hoped for a great federation of the world to come from these communities. His ideal is coöperative industry with perfect equality between the sexes. To the establishment of coöperative "colonies" Owen devoted nearly all of his large fortune. Of these experiments that of New Harmony was the most important, alike as regards size and influence.

Owen did not write a work analogous to the romance of More. His theories and ideas are stated in a formidable array of pamphlets, manifestos, lectures, debates and philosophical treatises. Toward the end of his life, when his mind had already become feeble, Owen brought much discredit upon his ideas by his own eccentric conduct. But if we take his life as a whole, up to the point where his mental grasp becomes weak, we see a singularly noble and unselfish character, devoted with a courage and an enthusiasm that are rare to the welfare of humanity. His practical achievements were by no means small. He laid the foundation of England's factory legislation; he started infant schools; he directly inspired the great coöperative movement, for the Rochdale movement was the result of the success of New Lanark; he was one of the pioneers of trades unionism, presiding at the first organized congress of labor unions as far back as 1834. He was a man in whom the practical and the ideal were strangely blended. Essentially a Utopian, he was nevertheless a shrewd man of business. It is said of him that when on one occasion he submitted some scheme of social organization to the British government, and its consideration was postponed to the next session of parliament, he cried out to his friend Lord Brougham, "What! will you postpone the happiness of the whole human race to the next session of parliament?"

Cabet: Etienne Cabet, a French physician, was the leader and inspirer of the last of the great Utopian movements. He was at first an active politician, his activities leading to his exile for five years. These five years were spent in England, where Cabet came under the influence of Owen. Returning to France in 1839 he published his famous Utopian romance, *Voyage en Icarie*. The plot of the book is essen-

tially similar to that of More's Utopia—it is the journal of one who has travelled among a strange and unknown people. Cabet's system is very much that of Owen. He advocates communism, and outlines a plan for the inauguration of the new regime. This plan, or program, includes progressive income taxes, abolition of the right of inheritance, establishment of agricultural colonies and national workshops, and, above all, completely free education. The book created a tremendous *furore* in France, and in 1847 Cabet believed that he had four hundred thousand workers ready to go to America to found his ideal commonwealth. Actually, however, the number of those who went was extremely small. Dissensions arose and split the movement, Cabet himself being expelled in 1856. He had grown dictatorial and narrow and intolerant and his expulsion was the natural expression of the revolt of the younger element. The movement never recovered from the split, and, like so many other Utopian movements, gradually degenerated and disappeared without leaving any material impress upon the life of that world which it was designed to transform and regenerate.

The modern Utopians: The Utopian literature of the last half century has been thrown into the background by the stronger appeal of the Marxian thought and movement, but in literary quality and wealth of imagination much of it is of a very high order. Edward Bellamy, in *Looking Backward*, describes a great machine-made state in which everything is run with the precision of clock-work. It is the most mechanical of all the Utopias, and leaves very little room for the development of individuality. Nevertheless, its appearance, in 1887, gave a great impetus to the Socialist "movement" of the time, by suggesting plausible solutions to many practical problems which perplexed a great many persons. It contributed in no small degree to separate the Socialists and the Anarchists of the period more definitely than had been done heretofore. This was a natural result of Bellamy's emphasis of the State. On the other hand, the book probably contributed in some degree to the creation of the fear that Socialism must involve bureaucracy. Five years after Bellamy's book appeared William Morris published his *News from Nowhere.* In literary quality this is by far the best of all the modern works of its kind, and as

an example of English prose it ranks high. Morris's soul revolted against Bellamy's mechanical and unlovely commonwealth, and *News from Nowhere* was a counterblast, as it were. In his desire for freedom of the individual Morris swings to the other extreme from Bellamy and pictures a State which might be described as anarchist-communism with an idealized pastoral and handicraft system as its basis. William Dean Howells in *A Traveller from Altruria* contrasts the present with the ideal and takes a position midway between that of the practical Bellamy and Morris the idealist and poet. H. G. Wells, on the other hand, views the world's problems as an engineer and suggests rather than describes their solutions.

Value of the Utopian ideal: Despite all their eccentricities and failings the Utopian Socialists have greatly benefited mankind. They have rendered a great service by their criticisms of existing society, and by holding out the inspiration of a definite ideal. It has always been too common for men to accept things without questioning them, to assume that whatever is is right, and that what is must continue to be. The Utopians have bravely challenged this conservatism and forced millions of men and women to move in the direction of progress, who otherwise would not have moved at all. It matters little that their plans were impracticable, nor even that any serious attempt to carry them out would have brought about a worse condition than that which their authors sought to remedy. The inertia of conservatism and the inexorable forces of social evolution made the acceptance of their plans impossible, but nothing could prevent mankind from seeing the evils which these prophets of a better social order decried, and so, even though we speak of the "failures" of dreamers like More and Owen, it must be confessed that much of the progress we have made has been directly inspired by them. Their success lay in other directions than they dreamed.

SUMMARY

1. In every age men have pictured an ideal world to be attained by moral regeneration or by the adoption of a specific plan.

2. These Utopias have had their bases in the economic conditions of the time in which they were written and usually picture the ideal by contrast with the real.

3. The most influential of the Utopians of modern times were St. Simon, Owen, Fourier, and Cabet, who served as the fore-runners of the modern Socialist movement.

4. The Utopian ideals have rendered great social service by their criticisms of existing society, and by shaking the inertia of conservatism and stimulating progress.

QUESTIONS

1. Upon what does the influence of a Utopia in bringing about social changes depend?

2. Discuss the Utopian ideal of Plato.

3. What were the social conditions giving rise to the Utopia of Sir Thomas More?

4. Characterize briefly *The City of the Sun*. The *New Atlantis*. The *Oceana*.

5. What elements of modern Socialism are to be found in the teachings of St. Simon?

6. What is the significance of Fourierism to Socialist thought?

7. What is the position of Owen in Socialist history?

8. Characterize the work of the modern Utopians.

9. What essential features are common to the ideals of all the Utopians?

10. What positive results have the Utopians accomplished?

LITERATURE

In addition to the works of the Utopian writers themselves, as mentioned in the text, the following books will be found useful.

Engels, F., *Socialism, Utopian and Scientific.*

Guthrie, W. B., *Socialism before the French Revolution.*

Hillquit, M., *History of Socialism in the United States.*

Kaufman, M., *Utopias, or Schemes of Social Improvement.*

Morley, H., *Ideal Commonwealths.*

Podmore, F., *Life of Robert Owen.*

Wolsey, T., *Communism and Socialism.*

CHAPTER XVII

THE IDEALS OF MODERN SOCIALISM

Socialist ideals, old and new: While he may not dream with the Utopian Socialist of a perfected humanity, the Marxian Socialist has many ideals in common with the Utopian Socialist. The main difference between the two types lies in the bases of their hopes for the attainment of their ideals, rather than in the nature of the ideals themselves. For example, the Marxian Socialist is as conscious of the wastefulness and anarchy of the modern system of production as Fourier himself could possibly have been, and just as anxious to have a well-ordered productive system with all its waste and disorder eliminated. Moreover, he is quite as confident as Fourier ever could have been in his most sanguine moments that sooner or later the system of production will be so transformed. But he does not rest his hope for the attainment of that ideal of a well-ordered plan of production upon the merits of any scheme or plan, nor yet upon the ability of himself or others to persuade the world to improve its industrial methods. He simply rests upon the facts of evolution and their logic. If order is to be established in production it will not be because men have been persuaded that waste is against the moral law, but because that force which lies back of all progress, which is forever reducing the pain cost of life, impels the change. In a word, because they have discovered a better way.

Socialism essentially idealistic: Every Socialist is of necessity an idealist. He could not be a Socialist in any real sense of the word unless he had first measured the existing reality by some standard. That standard is his ideal. He measures the world as it is by some conception of what it might be, and that conception translates itself into what it *ought* to be. It is sometimes said that the Marxian theory robs Socialism of its idealism and makes it harsh and mechan-

ical; that it takes the splendid moral passion of the movement and binds it down. Such criticism comes alone from those who do not know the Socialist movement. No one who is at all familiar with the history of the movement will contend that it has manifested less idealism since Marx than before him. The life of Marx himself is a splendid example of the loftiest idealism, and the upbuilding of the movement in the various countries has involved an amount of sacrifice on the part of its devotees which nothing but a great ideal could have inspired. No other movement in history, with the exception of early Christianity, has called forth so much heroic sacrifice, and service during so great a period and in face of such great odds.

The ideal of international solidarity: Modern Socialism is essentially international. Its great birth-cry, the *Communist Manifesto*, called upon the workingmen of all countries to unite, and from that day to the present the ideal of international working-class solidarity has been before the movement. The vision of a great world unity is older than Marxian Socialism, older even than the Christian religion. The ideal of internationalism is, therefore, not peculiar to modern Socialism. But that is equally true of all its ideals of personal freedom, of peace, of fraternity. All the great and noble aspirations which the prophets of all the ages have voiced find expression in the Socialist movement. What is peculiar to the movement is the basis it offers for faith and hope of their realization.

Unlike the Utopian Socialists of an earlier generation, the Socialists of to-day do not concern themselves with schemes for the formal federation of the world into a great world-republic. They waste no time devising schemes of federation similar to that of Fourier's hierarchy. What is far more important than any formal unity is the unity of spirit which the movement breathes in all its propaganda throughout the civilized world. International congresses of workers may or may not be progenitors of international parliaments of the Socialist nations of the world. One thing is certain, namely, that the Socialist movement, by holding out the ideal of international solidarity, is hastening the realization of a lasting world peace.

Socialism is not anti-patriotic: But while the ideal of

internationalism is fundamental to Socialism, we must not make the mistake of assuming that Socialism involves anti-patriotism, that there is anything incongruous in a Socialist being a loyal citizen of the country or state in which he lives, and of being ready to defend it against attack, if necessary. The Bebel who in the Reichstag opposed Bismarck and protested against the annexation of Alsace-Lorraine as an outrage was quite logical when, on another occasion, in his debate with Domela Nieuwenhuis, the Dutch Anarchist leader, he declared that in case of an attack upon Germany by Russia, for example, the Social Democracy would rally all its forces to the defense of the Fatherland. Because they are *inter*-nationalists in their ideals it does not follow that Socialists must be *anti*-nationalists. A normal and sane patriotism, a love of country which does not rest upon hatred or envy of some other country, is no more opposed to the wider ideal of internationalism than is the love of one human being for another.

Socialism and universal peace: The vision of world-peace which the Hebrew prophet proclaimed when he foretold the coming of a time when the social consciousness of the world must destroy war and forge its weapons into tools of peaceful industry finds its expression in the Socialist propaganda of to-day. Professor Theodor Mommsen, the eminent historian, said of the Social Democracy that it was the greatest peace organization in the German Empire. Similar observations have been made from time to time concerning the role of the Socialist movement of the world in the great war against war. The Socialist parties of all the world are pledged to resist the encroachments of militarism and to foster the development of friendly relations among all the nations of the earth. This is not due merely to a moral conviction that war is wrong and that peace is right and desirable.

The reason for this attitude toward war, the reason why the ideal of universal peace plays such a large part in the Socialist propaganda, is not far to seek. In the last analysis, the heavy burdens of war fall upon the working class. Not only has the working class suffered most from wars in the past by furnishing most of the victims, but it is most injured by the heavy burden of present day militarism. To divert this wasteful expenditure, which is growing larger every year,

from the channels of waste into channels of fruitful social expenditure is one of the tasks which the Socialist movement is everywhere demanding the parliaments of the world to undertake. What this would mean in the way of releasing vast resources for the work of building up instead of destroying cannot be computed. In the United States during the thirty-year period, 1879–1909, we spent no less than 71.6 per cent of our total national income[1] upon wars past and present and to prepare for future wars. With that sum set free what might we not do in the way of social reform?

The basis for world peace: War will be banished from the earth, but not as a result of the inspiration of the minds and hearts of men by some poet's noble plea for peace, nor because some great artist like Verestchagin paints war with so much terrible reality that men and women will rise up and declare that the time has come at last to beat the swords into plow-shares. It will be banished because it becomes unprofitable. With rare exceptions, wars have always been carried on in the interests of ruling and exploiting classes. The hope for world peace is inseparably interwoven with the hope of the world's proletariat. So long as there is class ownership of the means of production and class government, so long must the workers in one land pile up surplus products which the master class will seek to force upon the market somewhere and somehow, even if it requires war to do it. But once the production of wealth is made a collective responsibility the workers will cease to pile up a surplus product; they will no longer be compelled to invade other lands to dispose of their surplus or be crushed beneath it, victims of the plethora of their own production.

The foundations for world peace are being prepared by capitalism itself, just as the foundations of Socialism are being prepared by it. For its own ends it has broken down many of the divisions which kept the people of the different nations from understanding each other, and subjected the workers of many lands to one common form of exploitation. Its methods, resources, inventions, and, especially, its means of communication, have done much to lay the foundations of the world peace foresung by so many of humanity's choicest

[1] From a statement by Mr. Hamilton Holt, in the *New York Times*, September 3, 1911.

spirits. The nations have been brought closer together, education has become to a large extent the property of the masses, at least in its elementary forms. The workers have thus a key with which they can unlock the World's Treasuries of art, science, philosophy, literature, and no power can take from them the power which, sooner or later, they will exercise to erect the temple of universal peace.

Immanuel Kant, the great German philosopher, published an essay in 1795 in which he made the remarkable declaration that universal peace could never be realized until the world should be politically organized, and that the world would never be politically organized until a majority of the nations had a representative form of government. That condition has now been fulfilled. Perhaps we are nearer than we think to the age when war among nations will be only a hideous memory. Be that how it may, the ideal of world peace which inspires the modern Socialist is not a hope that is woven of the stuff of which dreams are made. It rests upon the basis of solid reality. Social evolution has made the realization of the ancient dream possible. Moreover, it has developed the class whose interest it is to make war against war. "The alliance of the working classes of all countries will ultimately kill war," declared the General Council of the International Workingmen's Association in an address written by Marx. The bringing together of millions of men and women of all lands into the international Socialist movement is one of the greatest triumphs of peace.

Social peace within nations: The Socialist ideal of peace involves more than the abolition of war between nations. It is more fundamental, more inclusive, than that and involves the abolition of social war *within* nations. Here, too, the scientific Socialist shares a great deal with his Utopian forerunners. The word "Commonwealth" which we apply to the State, meaning common weal or well-being, is in itself an admirable epitome of a great ideal. "This is a place where well-being is common to all," we say when we apply the term commonwealth to a State. We imply that there none is poor or other than well; that the interests of each individual are bound up with the interests of all other individuals and identical with them. "One thing ought to be aimed at by all men," says Cicero, "that the interest of

each individually, and of all collectively, should be the same." But no modern State is a commonwealth in this sense. Between the "haves" and the "have-nots", the payers and the receivers of wages, the makers and the takers of wealth, there is war and bitter strife.

The modern Socialist cherishes the ideal which the word "commonwealth" properly signifies. He believes that the noble standard set by Cicero will be attained once the economic conditions are prepared for it. But while the Marxian Socialist thus shares the hope and ideal of the Utopian Socialists of all past generations, he differs from them as much as the greatest astronomer of the twentieth century differs from the poorest and humblest astrologer of the ancient world. For all the Utopians based their faith in the realization of their ideals upon some genius, some scheme devised or principle discovered. The scientific Socialist, on the other hand, knows that no society ever came thus into being. He knows that the present is the child of the past and must be the parent of the future. If we would catch even a glimpse of the future we must study the development from past to present. Lammenais says somewhere, "If we separate it from the past the present is silent as to the future." Studying the evolution of society the Socialist of to-day finds a new basis in realism for his idealism. That which first divided mankind into classes was property and ever since property has continued to be the dividing force. But it is never simple property, the possession of goods, which creates class divisions. The basis of feudal class divisions was not the ownership of stores of things, but of the land from which things must be produced. The class basis of our present industrial society is not the possession of goods and money by the master class, but the possession of the means of production essential to the life of all society. The forces of evolution have created a class whose power is irresistible, namely the proletariat. The same forces of social evolution compel this class to accept the role of establishing the necessary conditions for the realization of the ideal of social peace and common weal.

For if it be true that class ownership of the means of social life is the basis of class division and class rule, together with their evil results, then it must follow that with the

destruction of class ownership the class ownersh p and rule must disappear. The task of the proletar.at, therefore, is to abolish that which prevents the realization of the ideal of social harmony. Thus, the German Socialists in the Erfurt program declare that the transformation from capitalist ownership of the means of production to collect ve ownership "means the emancipation not only of the proletariat, but of the whole human race which suffers under the conditions of to-day. But it can only be the work of the working class, because the other classes, in spite of mutually conflicting interests, take their stand on the basis of private ownership of the means of production, and have as their common object the preservation of the principles of contemporary society."

It may be said that the Socialist movement of to-day is vibrant with a passionate faith in the ages-old ideal of a state n which men "dwell together in unity," as the Bible has it, being made realizable and attainable through the working masses act:ng in response to the most pr mal of all laws, the law of self-preservation. It may sometimes happen that in the bitterness of the class conflict the ideal is forgotten, that some of those who fight against the rulers of to-day harbor in their hearts the hope of themselves becoming rulers and oppressors to-morrow. But if the means of production and exchange are made social property—and that is an essential condition of Socialism—the possibility of class rule will have been destroyed. Thus the organized Socialist movement represents not merely the massing of the forces which can and must destroy war between nations, but also the massing of power which will ultimately put an end to social war within the nations.

Equality of opportunity: But social peace is not the whole of social well-being. It is at best only one of its fundamental conditions. The advantages and opportunities which have been developed through the long centuries of evolution must be socialized and made free to all. This is not the ideal of equality which is fundamental to most of the great Utopias. The modern Socialist does not look for equality and does not desire it. Nature's law is inequality—and the law is universal and immutable. As in the physical world the mountain contrasts with the plain and the valley, so there must always be inequalities of human capacity, character and

attainment. The ideal of the modern Socialist involves equality of opportunity only, and that to the end of a glorious inequality, rather than the comfortable equality of the Utopians.

Accustomed as we are to accept the idea of all men being born "free and equal," the claim for equal opportunities for all seems moderate and reasonable and far from revolutionary. In point of fact, however, no more revolutionary claim could be advanced. A serious attempt to realize it would of necessity involve a complete transformation of nearly every social relation. It is impossible to conceive of a system affording an equal chance to every child born into the world which does not begin with the right of every child to be *well born*. But that in turn involves the right of every mother to all the care and protection which human power can give, all that science and social organization can do to shield her from danger during the whole period from conception to childbirth. Nay, more, it includes the equal right of all men to healthy surroundings and conditions in order that they may develop the maximum of physical strength and fitness for parenthood available to them. The claim involves doing away with the contrast which presents itself in the cruel overwork of one set of mothers and the carefully protected rest of another set of mothers. It involves doing away with the hideous contrast of the slum and the mansion. In a word, equality of opportunity cannot become a fact until we have solved the problem of overwork on the one hand and idleness on the other, the whole industrial problem, in fact.

To say that the Socialist ideal is equality of opportunity for all does not mean that all must have *identical* opportunities, regardless of ability or inability to use them advantageously. It would be folly to waste social effort attempting to force a musical education upon a deaf mute, for example, or to give painting lessons to a color-blind child. What is meant is that every child should have an equal chance to develop whatever talent it may have. The cruel and anomalous contrast of idle men and toiling children must disappear. No moral aspiration must be crushed by poverty in a state saturated with wealth.

Socialism does not seek to make men equal: There is

probably a much greater degree of equality in natural human capacity and talent than has been generally recognized. The trend of modern scientific thought is to recognize that, within the species, inheritance counts for much less than environment. The moral frequently drawn from the familiar comparison of the descendants of the Juke family and the family of Jonathan Edwards is vitiated by the fact that the environment is not taken into account. Suppose the Juke children had been transplanted into the Edwards environment and the Edwards children into the Juke environment, would the results have been the same? It is not necessary that we should attempt to answer that question, here and now.

Recognition of the fact that a great deal of the intellectual and moral superiority which exists among men is due to specially favorable circumstances, rather than to the inherent superiority of the individuals, does not involve acceptance of the ancient ideal of equality. The modern Socialist ideal is not a great level plain of comfortable mediocrity. It would not level down, binding the stronger to the level attained by the weaker, but it would simply strike from the spirit of humanity all that binds it and holds it down. Instead of placing the conditions most favorable to the development of special genius at the disposal of one class only, it would make those conditions the common heritage of all.

Socialism and the individual: Obviously, a society based upon equality of opportunity as we have described it would not crush individuality. On the contrary, no other basis for true individualism is possible. Not until each individual is born heir to all the resources of civilization, free to take whatever he can assimilate, will the full flowering of a worthy individualism be possible. In the past Socialists have too readily accepted the definitions of their critics and regarded Socialism and Individualism as opposing principles. But in truth Socialism and Individualism rightly considered are but different aspects of the one great ideal. Not until opportunities are assured to all will they be secured for any. Only that society which socializes all its opportunities for healthful living, for knowledge and beauty will ever be able to conserve all its intellectual and spiritual forces and prevent their waste. Only in such a society will Life and Art be united,

so that all lives may be useful and beautiful. The magnificent achievements of the Athens of Sophocles and Praxiteles were made possible only through the communism of opportunity which her vast system of public ownership afforded, enabling her to reach through her communism of opportunity the highest development of individualism the world has yet known. And in like manner we shall find that the highest individualism is possible only where the means of the common life are not controlled by individuals or classes, but by the whole body politic.

Basis of the Socialist ideal: The Socialist ideal rests, ultimately, upon that fundamental principle which Paul perceived, namely, that "we are all members one of another." We are social animals, as Aristotle wisely observed. We became human through being social, in all probability. While some suffer more severely than others from the evils which arise out of our social mal-adjustments, yet it is true that we all suffer. The richest among men cannot realize healthfulness, beauty, joy and inspiration in life in a world that is diseased, ugly, miserable and sordid to the last degree. The good of the individual is, happily, not separable from the good of all other individuals. Fortunately, the fever which starts in the hovel spreads also to the mansion. Likewise the ugliness which stamps the lives of the poor stamps also the shoddy splendors of the rich. If there is one fact more plainly evidenced by human progress than any other, it is that individualism flourishes best where the opportunities for health, for knowledge, for beauty and for joy are most widely diffused.

"Where there is no vision the people perish." The Socialist movement of to-day is keeping alive in the hearts of men the vision of a world in which the highest good of each appears as the first fruit of the devotion of each to the common good; of a social order in which community of interests shall pass beyond the boundaries of family, of city and nation and unite all mankind in bonds of peace and fellowship. No virtue will be lost, even though old virtues may take new forms. Courage, for example, which we have so long associated with war, will find a more generous development in the services of peace. And the strength and daring which has developed our great economic forces, heedless of the ugliness

and suffering they involved, will not remain idle and become atrophied. They will find their fullest and most joyful expression in the organization of those forces to make the world beautiful and glad and free.

SUMMARY

1. Socialism is essentially idealistic, but modern Socialism bases its ideal upon the logic of evolution, and not upon the merits of any scheme or plan.

2. Socialism upholds the ideals of international solidarity, universal peace and human brotherhood.

3. Socialism aims also at the ending of the class struggle and the establishment of peace within nations.

4. Socialism seeks to establish equality of opportunity, not equality of wealth or ability.

5. It is only with equality of opportunity that true individualism can be developed.

QUESTIONS

1. How does the ideal of modern Socialism differ from the Utopian ideal?

2. In what ways does the Socialist movement make for international peace?

3. What is the basis for the Socialist hope for world peace?

4. Is it true that "Socialists advocate the class struggle"?

5. In what sense does equality form a part of the Socialist ideal?

6. Why is it incorrect to regard Socialism and individualism as antithetical?

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CHAPTER XVIII

THE SOCIALIST STATE—POLITICAL

No detailed prediction: Socialists are constantly confronted with a demand for a detailed description of the Socialist society of the future. This it is impossible to give, since all the forces which made for social change cannot be known. Any such prediction would necessarily be pure Utopian romance. Wilhelm Liebknecht, the great leader of the German Social Democracy, replying to such a request from an opponent in debate on one occasion said:

"Never has our party told the workingmen about a 'state of the future,' never in any other way than as a mere Utopia. If anybody says, 'I picture to myself society after our program has been realized, after wage labor has been abolished and the exploitation of men has ceased, in such or such a manner,' well and good: ideas are free, and everybody may conceive the Socialist State as he pleases. Whoever believes in it may do so, whoever does not, need not. These pictures are but dreams, and Social Democracy has never understood them otherwise."

It is possible, however, while adhering strictly to the scientific method and spirit, to set forth some of the conditions which must obtain in a Socialist society. We can interpret tendencies in the light of known economic laws, and determine very definitely some conditions which must exist under Socialism, and some conditions which are incompatible with it. Social forms cannot be made to order; they are the product of the collective intelligence operating within the limits fixed by the economic environment. Changes in the social order must come, and they will be in the direction of further progress. A knowledge of the past and a recognition of the laws of social evolution enable us to tell something of the future organization of society. In a like manner Morelly, in 1756, predicted the downfall of the

Bourbon monarchy in France and the establishment of a state free from feudal privilege, but he could not by any possibility foresee the great material and cultural developments of the nineteenth century in all their bewildering detail, and when he did attempt to picture the special forms of the future social state the result was fantastic.

The next step in social evolution: The concentration of capital, the ever enlarging scale of production, the withdrawal of the actual owners from the management of industry, the education and organization of the working class, the raising of the standard of life making exploitation more difficult, the increasing democratization of the State and the enlargement of its economic functions, all indicate that the next stage in social evolution will be marked by the socialization of the principal means of production and exchange. The present industrial and governmental systems are so shaping themselves as to make socialization possible, and the masses are rapidly reaching the point at which they will be able to end economic exploitation and when they will have the ability to administer an industrial democracy.

Will the State "die out"? An unfortunate confusion of thought often arises over the attitude of Socialists toward the State. This is due to the fact that many Socialists have given to the term "State" a significance much narrower than that which it bears in current usage. Engels, for example, writes: "The first act by virtue of which the State really constitutes itself the representative of the whole of society—the taking possession of the means of production in the name of society—this is, at the same time, its last independent act as a State. State interference in social relations becomes, in one domain after another, superfluous, and then dies out of itself; the government of persons is replaced by the administration of things, and by the conduct of the processes of production. The State is not 'abolished.' *It dies out.*" On the same subject, Bebel says: "The State is the inevitably necessary organization of a social order that rests upon class rule. The moment class antagonisms fall through the abolition of private property, the State loses both the necessity and the *possibility* for its existence." But further he says that "an administration is requisite that shall embrace all the fields of social activity. Our municipalities constitute

an effective basis thereto. At the head of the local administration stands the central administration—as will be noted, not a government to rule, but an executive college of administrative functions."[1] Now, it is obvious from the qualifications implied in these statements by Engels and Bebel that neither of them used the word "State" in the customary sense. An "administration of things" would be impossible except through some form of "government of persons."

The political State and the industrial State: It may almost be said that within the geographical boundaries of modern nations there are two States rather than one. Probably in no previous age has there been as complete a separation between political and industrial organizations. The political State, the whole political organization of society, was economic in its origin. Under feudalism the hierarchy of landowning lords directed both the State and the characteristic agricultural organization. Under the Town Economy the aldermen of the various guilds constituted the city government. But when the democratic movement of the eighteenth and the beginning of the nineteenth centuries destroyed autocracy in Western Europe and America, established constitutional governments and broadened the suffrage so as to enfranchise, in some countries, practically all males above the age of twenty-one years, the lords of the new capitalist industry did not oppose or directly control the political State, but preaching the doctrine of *laissez faire*, proceeded to organize that which for all practical purposes is a distinct industrial State within the political State, yet not of it. By the end of the nineteenth century the process was practically completed. The empire of business, autocratic in form, controlled the lives of the people far more than the political State, and taxed them more heavily. By insidious means it succeeded in controlling government for its own ends, confining the functions of the political State largely to the protection of private property. Socialism sees as the logical outcome of this process the consolidation of the industrial State with the political State, retaining of the industrial State the organization and administration of industrial

[1] Engels, *Socialism, Utopian and Scientific*, p. 76; Bebel, *Woman under Socialism* (translated by Daniel De Leon), p. 272; *Idem*, p. 275–276.

affairs, and of the political State democracy and representative government.

Recent socialization of the State: This process of consolidation has already begun. From the point of view of those who would maintain the autocracy of business, the extension of the suffrage and of popular education was fatal. The consciousness of the domination of society by business interests is reflected in the universal social unrest and the popularity of all attempts to weaken the organization of capital. The power of the industrial State to dominate the political State has passed its climax. The doctrine of *laissez faire* has lost its force and popularity, and the State instead of being looked upon as the oppressor, becomes the medium through which people are attempting to assert control over the industrial order. Partial victories have already been won. The State is extending its control far beyond the limits set by the political philosophy of a generation ago. In the United States the Interstate Commerce Act of 1887 formed an entering wedge. The commission formed by that act, though never in any sense radical, has in many cases asserted its power in opposition to the interests of the railroads. The establishment of the Department of Commerce and Labor with its bureaus of Corporations, Manufactures, and Labor, was an important step in the direction of socialization. The significance of this department lies rather in its great possibilities of further extension than in the work of investigation and supervision which it is already able to do.

In like manner the State is broadening its scope into other fields. Postal savings banks have been established against the opposition of the banking interests, and the establishment of a parcels post system in spite of the opposition of the express companies seems to be one of the certainties of the near future. The national and state agricultural experiment stations and their bulletins and other educational publications have been of tremendous value to the farming population. The great irrigation and drainage projects, the building of thousands of miles of roadways, the construction of the Panama Canal, the reservation and protection of forests, are all enterprises, essentially socialistic in nature, of untold social value, for the carrying out of which private enterprise

is either too timid or demonstrably incapable. The State and local governments contribute to the socializing process through free education, the administration of institutions for the mentally and physically infirm, the organization of charities, the reservation and beautifying of parks, the construction of canals, the ownership and operation of waterworks, gas and electric plants, docks and ferries, fire-fighting and street cleaning services. The interest of the State in the industrial order has been asserted by laws, however imperfect, restricting child labor, providing for employers' liability, limitation of the hours of labor for women, the installation of safety devices, factory inspection, supervision of building construction, and so on.

Necessary functions of the Socialist State: Any State must maintain order and suppress violence. It must have the power to define crime and apprehend and punish criminals, and to restrict the liberty of those persons who by their conduct would deny equal liberty to others. It must determine the manner in which the political activities of the individual shall be exercised. It must determine the rights and limitations of the ownership of property. It must enforce contracts and administer justice in civil affairs. It must have the power to collect taxes and use the proceeds of taxation in the public interest. And it must deal with foreign States in the adjustment of international relations and have the power to protect itself from external aggression.

In addition to these general powers, the Socialist State must have the power to own and operate industries and transportation systems of all kinds, in so far as they can be so owned and operated to the public advantage. It must have the power to regulate private and coöperative industries and to protect the broader interests of all the people against the special interests of individuals and groups. It must guarantee a minimum compensation to labor and provide opportunities for its productive employment. It must have the power to make and enforce rules of sanitation. It must administer a comprehensive system of social insurance. It must provide full educational opportunities for all, both cultural and technical, and must provide opportunities for the advancement of knowledge through research and experimentation.

The Socialist State must be democratic: In order to carry on these functions in the interest of the whole people, the interests of all must be consulted. A Socialist State without democracy would be an impossibility. Moreover, the tendency of modern times toward democracy is too strong and fundamental to be seriously checked. The State which must assume supervision of industry is already to a large extent democratic in form in most industrial countries. The most important barrier to the realization of the substance of democracy as well as the form is the private ownership of capital. The destruction of capitalism must be the work of the whole people, and there is no reason to suppose that the ideals of democracy which have become so firmly entrenched will be abandoned when their realization becomes possible.

Tyranny is only the rule of the ignorant by the shrewd, and with universal education it becomes impossible. Where men can read they cannot be kept in ignorance of arbitrary misrule. Even now, the most stringent laws are ridiculously ineffective against the conscious opposition of a majority, or even of a strong minority.

Meaning of democracy: Democracy does not mean that everything must be decided by popular vote, including the selection of every official. In a real democracy it must be possible for every voter to be well informed concerning the persons and measures to be voted upon. Democracy means simply a form of society in which the collective will can be effectively expressed in regard to any matter in which there is a conscious collective interest.

Democracy necessarily involves the extension of the suffrage to all adults who are capable of forming a rational opinion on public questions. The extension of the suffrage during the nineteenth century has been one of the greatest social gains under the capitalist regime, and there is no question in the minds of Socialists as to the desirability of its further extension to include women as well as men. The line can only be logically and fairly drawn at some other point than that of sex, as, for example, to exclude minors, criminals, lunatics, idiots and aliens, regardless of sex.

Coercion in the Socialist State: It is futile to talk of a Socialist State absolutely free from coercion. Freedom

from coercion and restraint is an ideal which most Socialists hope may ultimately be realized, but any form of social organization must have the power to protect itself from anti-social forces. Even Peter Kropotkin,[1] in his non-coercive anarchist-communist society would expel those individuals who proved unwilling or unable to abide by the social will. But coercion in a democratic administrative State not dominated by class interests would be something very different from the coercion exercised by class-ruled states of the past and the present. Coercion would be resorted to only to enforce the carrying out of the social will. Taxes must be collected, conflicting interests may arise between individuals and between groups and have to be decided. There must be the power of enforcing such decisions or they will be valueless. This does not mean tyranny or the arbitrary exercise of force. Even under a State so much dominated by class interests as the State of to-day is, the average citizen is rarely conscious of its coercive power. Only a small minority ever feels directly the "strong arm of the law." In point of fact the coercive power of custom and fashion is much more generally felt. The great majority of citizens recognize that laws are necessary for the smooth working of the social machinery, and if a number of citizens do not approve of the form or general character of a law they do not refuse to obey it, but proceed to agitate for its repeal or reform, as the case may be. When laws are made in the interest of the whole people, and not in the interest of a class, as now so often happens, conformity will be much easier and more general than now. It is not easy to see how any but the mentally diseased and the anti-social would-be exploiters of their fellows would ever feel the coercive power of the Socialist State.

Socialism and individual liberty: A democratic society would not enact legislation which would restrict the liberty of its own members unduly. Men do not voluntarily forge chains to bind themselves. Freedom of movement and migration would not be restricted except where it endangered others, as in the case of a person suffering from a contagious or infectious disease. There would be freedom from arrest, except for infringing upon the rights of others, with com-

[1] Kropotkin, *The Conquest of Bread.*

pensation for improper arrest. Respect for the privacy of domicile and correspondence; liberty of dress, subject to decency; free speech and publication, subject to the protection of others by the State against insult, injury or interference with their recognized rights, and the responsibility of the individual to the State, are all rights which a Socialist State could not deny. The individual must be free in all that pertains to art, science, philosophy and religion, and their teaching, subject to well understood, though perhaps not easily definable rules. Liberty is not license. The Socialist State, while giving full freedom to the artist, would not be likely to tolerate obscenity in the name of art. Liberty in science does not mean that every amateur biologist must be permitted to experiment upon live animals, or upon criminals, without regulation, simply because he chooses to invoke the freedom of science. Religious liberty does not mean that the State would not interfere to prevent or punish crimes committed in the name of religion. Liberty of individual activity must always be limited by the equal rights and privileges of others. Any other principle would involve the assertion of one person's freedom and its protection at the expense of the freedom of some other person or persons.

International relations: The establishment of a "World Economy"[1] must necessarily have the effect of softening the differences between nations and of bringing about something approaching a world federation. But differences in language, and in special economic and social problems, will probably act as barriers to the complete merging of nations. The development of arbitration, and the establishment of the Hague Tribunal, are indications of the way in which international differences will be settled in the future. Since under Socialism there would no longer be any object in warring for foreign markets, the chief cause of present international difficulties would disappear. There would be less need for a diplomatic and consular service than at present, but undoubtedly each of the great nations would maintain representatives at all the leading foreign capitals, alike as agents of direct communication between governments and to give service to travellers.

Socialism and the administration of justice: Under Social-

[1] See p. 97.

ism, as now, justice must be administered by the State. It must, however, be further socialized and made free. Court fees and attorneys' fees are undemocratic because they give the advantage to the wealthier litigant. The delays of the law and the unrestricted right of appeal on technicalities are used to wear out the poorer litigant. These inequalities must be abolished. Law itself would probably be simplified so that a layman could understand it, and a great deal of present law, rendered necessary by the capitalist organization of society, would become obsolete. The abolition of private capital and exploitation would destroy the motive for the greater part of the crime of capitalist society and the object of most civil litigation. The administration of justice in the Socialist State, therefore, would, to a very large extent, be confined to the equitable adjustment of the industrial relations of individuals and coöperative groups.

Education in the Socialist State: Free public education from the kindergarten through the university is essential to equality of opportunity. It is equally true that equality of opportunity requires that a certain amount of education as a minimum shall be enforced by the State. The matter of education is socially too important to be left to the children themselves, or to their parents even. The State must assume the responsibility of developing the maximum of efficiency in its future citizens. The Socialist State would be able to provide the fullest opportunity for vocational training, so that the natural aptitude of the individual could be considered and taken advantage of. For example, the boy with a natural aptitude for mechanics could be given, in addition to the required cultural instruction, special vocational training, a regular apprenticeship in fact, in the collective workshop or factory. The boy with a natural aptitude for chemistry could be given the special facilities best adapted to develop that aptitude and insure his maximum of efficiency as a producer. Not only would the State make education free in the sense of providing tuition and books without fees: it would go further and provide that without which these are of no avail—security of maintenance during the period of education. Establishing its own standards for entrance into various careers the State would be able to provide against too many entries for certain occupations and too few

for others. In principle such a system already exists in embryo in the scholarships offered by our great universities and colleges. What is needed is a system of education which will give to every child opportunity to develop its special gifts, and so provide the State with the largest number of contented and efficient workers.

Altered functions of the State under Socialism: Under capitalism the chief functions of the State are directed to one end, the maintenance and protection of private property. Under Socialism, while private property would not be abolished, it would be of less importance than now. The chief functions of the State would then be (1) the maintenance of the greatest amount of individual liberty compatible with the equal liberty of all—in other words, the protection of individuals and groups of individuals from exploitation, and (2) the administration and regulation of socialized wealth. The democratic State is simply a conveniently defined organization of society acting in a collective capacity for the highest welfare of its members.

The transitional State: No new order can spring full grown and perfect from sudden revolution. Even the analogy of the "mutation" theory does not justify such a belief. The transition is already in progress. Every move in the direction of the socialization of the State, while not in itself necessarily socialistic, is a part of the adjustment of transition. Long before any nation consciously and voluntarily adopts the Socialist ideal, it will have already tried many of its features. The Industrial Revolution was a century in progress, and no other social transformation so fundamental and far-reaching was ever before accomplished in twice that length of time. Social evolution has always been a constantly accelerating process, and it seems probable that the social revolution now in progress will reach its culmination, Socialism, in a shorter length of time than any of the great social changes of the past. This is probable because of the better historical perspective in the minds of those whose interest it is to hasten the revolution, and the more widely diffused consciousness of impending change and understanding of its nature. But the various elements of the Socialist ideal will not be realized at once, as a result of a single stroke, a sudden change. There must of necessity be a

period of transition during which we more or less consciously shape the State to our ideal.

The Socialist State not static: Even after the Socialist ideal has been to all intents and purposes attained, there will still be an infinity of progress ahead of it. The evolutionary point of view has put an end to the ideas of finality and perfection. The social ideal always recedes with its progressive realization, and every step forward opens new vistas of possibility of which the most far-seeing had not dreamed. Socialism is only one more step in the eternal process of evolution. As in every previous forward step, some undesirable features of the old order will probably be carried into the new, some unlooked-for evils may appear and form the basis for an argument in favor of the impossible return to the "good old days." It may even be that some desirable features of the present order will be lost. But the result will be good upon the whole and make for larger, happier, fuller lives. Progress will continue. Problems will be solved and new problems take their place in the minds and hearts of men. The ideal we now look forward to and name Socialism may in its turn be replaced by another social order, a stage of evolution of which we can have no perception to-day, any more than the pastoral Israelites could have had of the modern age of capitalism.

SUMMARY

1. Modern Socialists do not attempt to give a detailed description of the Socialist State, but they do point out certain conditions which must logically result from continued progress.

2. The modern state which has been largely separated from the industrial process is now gradually expanding and assuming a greater variety of economic functions.

3. The Socialist State will be the result of a continuation of this process and of the achievement of full political and industrial democracy.

4. The Socialist State will not be static, and the possibilities of progress are infinite.

QUESTIONS

1. Why must modern Socialists refuse to make predictions in regard to the details of the Socialist State?

2. What did Engels mean by the "dying out" of the State?

3. What significance do Socialists see in the extension of public ownership?

4. Why is democracy essential to Socialism?

5. What are the necessary limitations upon individual liberty?

6. What changes in the manner of administering justice would be necessary under Socialism.

7. Why is free public education necessary to Socialism?

8. Explain what Socialists mean by the Social Revolution.

9. How do modern Socialists differ from the Utopians in respect to the finality of their ideals?

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CHAPTER XIX

THE SOCIALIST STATE—ECONOMIC

Introductory: Socialism is sometimes objectively defined as "the social ownership and control of all the means of production and exchange." According to this definition, there could be no possibility of any form of private property except in goods used in direct consumption, and even the apportionment of these must be controlled by some social authority—presumptively the State—in which the ownership of the means of production, distribution and exchange is vested.

To state this proposition clearly is to reveal its absurdity. Every simple tool would have to be made collective property. It is perfectly evident that the millions of Socialists throughout the world are not trying to bring about public ownership of hand-saws, spades, market-baskets and wheel-barrows, all of which are means of production or exchange. Even if such a thing were otherwise conceivable, it would involve such a bureaucratic form of government as not even the most fanciful of the writers of anti-Socialist fiction have devised. There must be something wrong with our definition, then. Of this we may be assured, in the first place because no considerable number of rational beings could seriously desire the government to own and control *all* things which under any circumstances could be used as means of production or exchange, even if it were possible to draw a hard and fast line between consumption goods and production goods. In the second place, it would be impossible to rouse the citizens of any State or city to rebel against the private ownership of hand-saws or market-baskets in sufficient numbers to bring about their ownership by the collective authority, the State or the city.

The essential principles of Socialism: If we turn back to Chapter I, and compare the definition there given with the

one we are now discussing, the difference between the two will at once appear. That difference is fundamental. Instead of defining Socialism as involving the social ownership of *all* the means of production and exchange, the definition with which we began our study defines it as involving "the collective ownership and control of the *principal* means of production and exchange, in order that poverty, class antagonisms, vice, and other ill results of the existing social system may be abolished, and that a new and better social system may be attained."[1]

This definition places the matter in a wholly new light. Instead of owning and controlling every means of production and exchange, down to spades and wheel-barrows, jack-knives and baskets, we are to picture a State which owns and controls only the principal means of production and exchange, and leaves all other means in private hands. And the definition considered as a whole makes it perfectly clear that the means of production and exchange to be socialized and made subject to social ownership and control are those which in present society are used by individuals or a class, and used by their owners to exploit the actual producers of wealth. Objectively considered, therefore, Socialism consists of (1) a method—the social ownership and control of those means of production and exchange which are now used to exploit the producers of wealth; and (2) a result—the abolition of various evils resulting from the present form of ownership, such as poverty, vice and class antagonism, and the improvement of society as a necessary consequence.

Authenticity of this definition: Which of these definitions is authentic, it may be asked. Are we to accept that which declares that the social ownership and control of all means of production and exchange is aimed at, or that which limits social ownership and control to the principal means of production and exchange? For answer we must turn to the recognized leaders of the movement, and to its authorized statements. It is true that in the popular literature of Socialism the former definition is sometimes used, but it is almost invariably explained that the social ownership of such essentially individualistic means of production and exchange as those we have mentioned above is not contemplated, but

[1] See p. 5

only those social means of production and exchange which are owned by a class of non-producers and by them used to exploit the producing class. In other words, the context almost invariably shows that the first definition is used to convey the meaning which the second definition more accurately expresses. In like manner, such phrases as "the abolition of private property" are frequently encountered in the propaganda literature of Socialism, though less frequently than formerly. But here, again, the context almost invariably points out that only the abolition of certain forms of property is meant, not the abolition of private property in general. However we may criticise these popular presentations of Socialism for their failure to state the principles of the movement with precision and accuracy, we cannot with any degree of intellectual integrity ignore the meaning which the context makes obvious and assail the defective formula merely. That is pettifogging. Nor are we justified in selecting always the weakest statement of the case for Socialism, the most vulnerable. Socialism, like every other great principle or movement, can only be fairly and adequately judged by the strongest presentation of its case that can be made.

View of Marx and Engels: That we are right in saying that Socialism does not aim at the abolition of private property in all forms could be easily proven by citations from practically every Socialist writer of recognized authority, both in Europe and the United States, and from many Socialist programs, manifestos, and other official declarations. For our present purpose it will be sufficient to quote from that classic statement of the Socialist position which has been the inspiration of almost every Socialist writer of consequence, the *Communist Manifesto*. Marx and Engels take up the charge that the movement aims at the abolition of private property and reply to it. In quoting from their reply we change the word "Communism" to its latter day equivalent, "Socialism," to avoid confusion:[1]

"You are horrified at our intending to do away with private property. But in your existing society private property is already done away with for nine-tenths of the population; its existence for the few is solely due to its non-existence

[1] The reason for this change will appear from the discussion on p. 259.

in the hands of those nine-tenths. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is the non-existence of any property for the immense majority of society.

"Socialism deprives no man of the power to appropriate the products of society: all that it does is to deprive him of the power to subjugate the labor of others by means of such appropriation."

Central motive of Socialism: From the foregoing it will be readily seen that the essential feature of Socialism is not a form of industrial ownership and management, but an adjustment of social relations. The central idea of Socialism is the class struggle, not public ownership. The principal aim of the movement, that which gives it force, is the determination to do away with the power of a class of non-producers to exploit the producers. To accomplish that end it is proposed to take out of the hands of the exploiting class the power of the State, and that property which makes it possible for the owners to exploit the labor and needs of all the rest of society. Public ownership is, therefore, only to be regarded as a means to an end, not the end itself. A secondary motive of the movement is the more efficient organization and administration of industry, so that there may be less waste and larger social returns.

The place of private industry: Let us suppose the case of a man owning a small farm which he cultivates himself, and from which he manages to obtain a living for himself and family. We may consider it in two aspects, as property, and as an agency of production. As property the farm is, even under the present system, subject, like every other form of property, to the ultimate ownership of the State. Under Socialism this principle would of necessity be retained in the organic law of the State. The actual title to the land would be vested in the State, but the individual would have a full use-right, granted by the State and protected by it.

Considering the farm as an agency of production, we are at once confronted with the question, what possible reason could the Socialist State have for denying the right of that farmer to operate the little farm in his own way and to his own advantage? So long as he did not exploit the labor and needs of others the State would not be likely to interfere

with him. For the Socialist State is not a class power, distinct from the people as a whole, and reflecting class interests. It is the people, and reflects their interests. It is not possible to conceive the citizens of any community generally deciding to take such a farm out of the hands of the individual and bringing it under the management of the community in the absence of any sense of exploitation, except for one reason, namely, an acutely felt need of a superior management of the farm. It is conceivable at least that conditions might arise in which, agriculture having failed to such a degree that famine confronted the nation, it would be necessary for the State to assume full charge of all agricultural operations, to store the product and dole it out in carefully measured rations. This is not all likely to happen, of course. The illustration serves to make clear that in any society, under certain conditions, the collective need might involve the suppression of private enterprise. But as a general rule, it is safe to say that social ownership and control will be substituted for private ownership and control because the latter results in the exploitation of the producing class by a non-producing class.

Individual competition with the State: It may be argued that our illustration is somewhat inconclusive. That agriculture seems peculiarly fitted to individual production, and that the real test of the principle we are discussing must be its application to some form of industry that is essentially collective in its methods. Such an industry is shoemaking, for example. Let us suppose, then, that the shoemaking industry has been socialized and is now carried on in State owned factories. The citizens as a whole are satisfied with the results. The shoes are good; the workers are well paid; the consumers of shoes get better value than would be possible under capitalist production. But A, who is a shoemaker, is a man of marked individuality. He hates his employment in the State factory, where he is only a maker of parts of shoes. He wants to make shoes by hand in the old-fashioned way, to put into each pair of shoes something of his own individuality. So long as he can find no one who wants shoes made in that way, no one who is dissatisfied with the factory product, he will be a dissatisfied man, his individuality will be repressed, not by the State, as such,

but by the general indifference of society to his point of view. In this respect he will be no worse off than are all such workers in present society. But suppose that B, who wears shoes but does not make them, dislikes the factory product, and desires above all else to wear things made specially for him, things which express the individuality of the makers and of himself. If under such circumstances A and B can agree upon terms, there is no reason why A should not make shoes for B. There is no exploitation. Such competition with the State on the part of private producers might well be encouraged rather than discouraged. If the private production made headway faster than the State production, despite the enormous advantages enjoyed by the State, it would mean that its efficiency was greater. In that case, the State factory would have to improve its methods or fail and be supplanted by the more successful private production.

Voluntary coöperation: This principle is not vitiated by its extension to coöperative production. If A finds after a while that B is not the only person with a taste for hand-made shoes, and that there are many other shoemakers like himself who desire to get away from the factory to become makers of shoes in their entirety, instead of makers of parts of shoes, he may undertake to bring them together and form a coöperative association for the production of shoes. If they all work together and either share equally the values produced, or each man keeps the value produced by himself, the position will be as though A and B only were concerned, there would be no exploitation. But suppose that A instead of organizing a coöperative association, simply persuaded the other shoemakers to work for him for wages. Still the result would not be materially different. He would not be able to exploit them, simply because they could refuse to work for less than they could get working for the State. If they worked for less it would be because they valued the pleasure derived from the hand-work as being equal at least to the difference in their pay. So long as the manufacture of hand-made shoes was continued upon a small scale the State would ignore it. This it would do for the simple reason that there would not be any popular resentment, the overwhelming majority of the citizens being content

to wear the factory-made shoes. In all probability, the manufacture of hand-made shoes would be regarded as a fad, and those who insisted upon having such shoes would be regarded as faddists. The private workshop and the coöperative workshop would be under the supervision of the State, which would be able to regulate the sanitary conditions, the hours of labor, conditions of employment, and if necessary, even the wages and the prices of the products.

Such competition not dangerous: But suppose the individual or coöperative production of shoes should become popular and these forms of production should grow in importance as a result, would the Socialist State be seriously affected? Not at all. First, we must recognize the fact that if the demand for hand-made shoes became general the State itself would have to change its methods of production, or, at least, to add production by hand to machine production. If the demand should not become general enough to compel the State to do this, the voluntary enterprises might go on and grow until either they absorbed the greater part of the manufacture of shoes, or the citizens decided to take them over and make the hand production of shoes the general and dominant method.

In other words, whenever the citizens of the State came to the conclusion that the social interest would be best served by putting an end to either one form of production or the other that would be the law. It is impossible, therefore, to say that the Socialist State will never attempt under any circumstances to suppress individual or coöperative production. All that we are justified in saying is that the fundamental principles of Socialism do not involve such suppression of necessity, and that it is a reasonable assumption that in the absence of a general resentment of exploitation no such suppression need be expected.

Industries specially adapted to voluntary enterprise: It may be freely conceded that there are many things not at all likely to disappear altogether which are admirably adapted to individual production. Articles of luxury made to meet individual tastes are essentially of this order. The manufacture of chairs, for example, might in general be carried on in State factories. But if one citizen of eccentric taste should demand a chair of special design and make—

to be made from cigar boxes used by celebrities, let us say—it is more than probable that he would have either to make it himself as an avocation or set apart enough of his income to pay some individual who would like the task. In either case, no harm would be done to anyone. The individual would not be likely to accept the work for materially less than he could get making ordinary chairs in the State factory. If he got more, well and good; if he agreed to take less, regarding the special inspiration and pleasure of his work as an additional reward, that, also, would be well and good. He would not be exploited. The State as employer would stand as the guarantor of his freedom, even if it did not interfere between him and his employer.

Main divisions of industry under Socialism: There is, then, nothing in Socialism that is of necessity incompatible with private industry or industry carried on by groups of voluntary coöperation. All authoritative exponents of Socialism agree that the Socialist State may, and probably will, include three forms of production and exchange: (1) individual production and exchange; (2) coöperative production and exchange upon a voluntary basis; (3) production and exchange by the State. The limits of the first two have been sufficiently described, and it will, for the present, be a sufficient description of the third to say that it embraces all production and exchange which the people decide must be undertaken to secure freedom from exploitation of their labor and needs on the one hand, and satisfactory service upon the other hand.

It is evident that, according to this analysis, the State under Socialism must assume an infinitely larger amount of economic power and responsibility than it now has, or than it ever has assumed in the past. While the scope left for voluntary enterprise would be much larger than is generally supposed, it is nevertheless true that the great bulk of capitalist industry would have to be taken over by the State. All the social means of transportation and communication; all the extractive industries, such as mining and lumbering; all the public services now controlled by corporations, and all the principal manufactures would have to be undertaken by the State, subject to the provisions already laid down.

Use of the word "State": Thus far we have used the word "State" in connection with the socialization of industry in rather a loose way to describe organized society as distinguished from groups of citizens. We have used the term in one place to connote the political organization of the nation, and in another place to connote the political organization of the municipality. It is necessary, therefore, to point out that it is by no means implied in the Socialist theory or the Socialist ideal that all economic functions are to be centred in the political organization of the nation. Some forms of production and exchange are by their very nature best adapted to national organization. Mining, steel making, and means of interstate transportation and communication fall naturally into this group. Other forms of production and exchange are better adapted to the smaller unit of political society, the municipality.

A centralized State not implied: It is impossible to classify the various forms of production and exchange and the economic functions which arise from them, and decide which will be undertaken by the nation and which by the State or city. Any attempt to do this would of necessity be useless. Socialism will inherit the forms evolved by capitalism and will have to begin with them. Where capitalist production has developed national organization, the Socialist State will start with that form, continue it if it seems best to do so, abandon it and adopt a process of gradual decentralization if that seems best. Where capitalist production has confined itself to local organization the Socialist State will, of necessity, begin with that, and either continue it or change it for a more centralized national form, according as experience may determine. Favorable natural conditions and historical development have combined to make certain localities the centres of certain kinds of production. One city is thus primarily identified with the shoemaking industry; another with the manufacture of textiles; another with the manufacture of paper, and so on. It is highly probable, therefore, that under Socialism, these cities will continue for a long time, perhaps even permanently, to be identified with the same industries. Thus, one municipality will manufacture shoes, another paper, another steel, and so on. Other cities may not specialize, but produce a large proportion of the things

necessary to their existence, and so be relatively independent, like the great independent city-states of the Middle Ages.

The direction of industry: The State, still using the term in a general sense to designate organized society, must assume the functions now performed by the capitalist class as a whole, including the functions of the entrepreneur, in so far as these functions are in any manner necessary to the employment, organization, superintendence and direction of labor. But the relations between the State as employer and the worker as citizen will of necessity differ greatly from those which exist between the wage-earner and the capitalist employer. This fact has led to some interesting speculations concerning the manner in which industry will be organized and conducted. Some Socialists have suggested that the workers in each industry will control that particular industry, choosing their own superintendents, determining their own wages and hours of labor, and all similar matters, by popular vote. There is no reason why we should suppose that anything so anti-social and undemocratic will take place. The persons employed in a given branch of industry are not the only ones affected by it, and, therefore, interested in its management. Whether it is efficiently conducted or otherwise is a question which concerns society as a whole. If to have everything decided without reference to the workers would be undemocratic, it would be equally undemocratic to have the workers make the decision without reference to the rest of society. The probability is that all such matters will be decided by joint boards composed of representatives of the State and of the employees, with provision for the arbitration of matters upon which the joint boards cannot agree. Some Socialist writers point to the fact that the labor unions and employers' associations sometimes form such joint boards to determine wages, hours of labor and similar matters, and suggest that here is an organism already developed to discharge that function in the Socialist State.

The remuneration of labor: When we come to consider the question of the manner in which labor will be remunerated in the Socialist State we are confronted at the outset by a very popular error. It is believed that Socialism involves equal remuneration to all workers, regardless of the nature of the services performed, and that the basis of remuneration

must be the Marxian theory of value, each producer receiving the value of his product, minus his share of the necessary social expenditures incurred through the government. Since all people can never be expected to produce exactly the same amounts, there seems to be a glaring contradiction in these two principles. So, in fact, there is, but the contradiction has nothing to do with Socialism, which is based upon neither of these principles, nor upon both of them combined. Equality of remuneration is not at all a necessary condition of Socialism, and there is probably no Socialist of standing who so regards it. Likewise, there is no Socialist of recognized authority who believes that it would be possible to determine, even approximately, the contribution of each worker to the social product. The very nature of collective production makes it impossible to determine the share of any individual in the total product. Any attempt to do so would of necessity fail. Whatever the necessary basis for a Socialist system of remuneration may be, it is not the determination of the value of the individual labor product, and the payment of value for value. Marx's theory of value, as we have seen, is not the basis of an ethical system of distribution to be realized in an ideal society, but a general explanation of the workings of capitalist society.

The Socialist State will develop existing forms: We must never lose sight of the fact that the Socialist State will not be a fresh start in history, independent of the present State. It will be a development of the present State, and will inherit from the present State certain social forms and conditions. One of these forms is the wages system, and one of the conditions is that unequal payments are made for different kinds of services. Now, while it is quite conceivable that ultimately, after many generations of experiment, the wages system will be entirely discarded, and production and distribution based upon Louis Blanc's motto "From each according to his ability; to each according to his need" it is certain that a long period of time must elapse before society will have attained the degree of perfection necessary to the attainment of that ideal.

The Socialist State will take the wages system and modify it to suit its own needs. Instead of being used as a means to exploit the producers, the wages form of remuneration

would, under Socialism, be used to give to the workers a maximum of goods, or their equivalent, in return for the minimum of labor time compatible with social well being. The ideal to be aimed at is approximate equality of income, but in the meantime to make the standard of income as high as possible, letting the actual amount be determined by the free operation of the law of supply and demand. Suppose there should be an over-supply of labor in one branch of industry and an under-supply in another branch: in that case it might be necessary to reduce wages in the first and to increase them in the second, thus drawing some of the surplus labor to the place where labor is more needed. There is no reason at all why an unattractive piece of work, tedious, disagreeable, dirty or dangerous, should not be made attractive, either by offering higher wages than the wages paid for other work, or the same wages for a smaller amount of labor. In this manner freedom of choice of occupation is possible, and compatible with the interest of society as a whole.

Here, again, we must consider one of the popular shibboleths of Socialism, the cry that the wages system must be abolished. What is meant is that the social relations involved in the wages system of to-day must be abolished. This result would be attained by the method here outlined. Instead of a money payment based upon the cost of the workers' subsistence, and as far from equal to the value of his product as possible, wages under Socialism would represent as high a standard of living as the collective intelligence and skill could attain, and an approximation to an equal share in the products of labor, having due regard to the exceptional services for which society, with the assent of its members, freely gives exceptional rewards.

Disagreeable and dangerous work: We have somewhat anticipated the old question, Who will do the dirty and dangerous work under Socialism? We have dealt with it from one point of view only, however, and may now profitably discuss it from another point of view. Much of the dangerous and disagreeable work now done by human labor could be done equally well or even better by machinery, if we were socialized enough to demand it. A thousand illustrations might be cited to support the contention of Professor Giddings that modern civilization does not need the drudgery

and life-destroying labor of many of these occupations, that if they were suppressed inventive brains would quickly devise mechanical devices to do the work more effectively. When the British government forbade the employment of women and girls to do the heavy hauling underground in the mines—but not until then—mechanical devices were invented to do the work. When the conscience of England compelled the government to stop the practice of forcing little boys and girls through chimneys to clean them, mechanical devices were soon forthcoming. So it has been in every age. Most of the dirtiest, ugliest and most dangerous work of the world could be made clean, pleasant and safe, if only the inventive genius of the race were challenged to accomplish that end.

Unnecessary dirty and dangerous work: And then, too, it must be remembered that a great deal of this sort of work is necessary only to the capitalist form of industry. Take, for example, the one matter of advertising: no one has ever computed the amount of dirty and even dangerous labor which it involves. And all through the anarchy of modern production runs the stream of waste labor, much of which is hard, dirty, disagreeable and dangerous. For the residuum of such labor which might remain, the irreducible minimum, Socialist society would be far better equipped than is capitalist society. To-day no element of choice can enter into the doing of such tasks in the majority of cases, no idea of performing a social service. Those who undertake them are helpless and defenceless. When they fall to death society does not heed; when they do not fall to death, but live on doing the dangerous thing or the disagreeable thing, society does not feel grateful to them, but, on the contrary, treats them as pariahs and outcasts. In a society saturated with the social spirit, a true democracy, such tasks would bring rich rewards and those who performed them would be regarded as heroes.

Protection of the workers: In the industrial economy of the Socialist State the loss of a human life, or its needless impairment, would be a calamity. Under capitalism the loss of human lives is insignificant in comparison with the loss of dividends. Nowhere in the history of capitalism has any effort been made to reduce the appalling martyrdom of labor,

the killing and maiming of the workers, except under pressure, either of the State or of the organizations of the workers. Even the State of to-day, only partially democratic on its political side, and still less democratic on its economic side, shows a far higher regard for the life and health of the producer than the best capitalist concerns. When the most enterprising and best equipped capitalists in the world attempted to cut the Panama Canal, their efforts were attended by a terrible amount of human slaughter, the life and health of the workers was hardly considered at all. But when the work was undertaken by a great modern State, the slaughter ceased, proving once more that in all that counts for most, alike in quality of product and care of the human producers, the State, imperfect as it is, is more efficient than any capitalistic enterprise. In the Socialist State adulterating the food of the people to the detriment of their health, crowding them into disease-breeding hovels, exposing them to needless perils to life and limb in a passion for "cheapness" would appear in their true light as the most dangerous of all practices, more perilous to the State than besieging armies without its gates. Not only would the collective interest and intelligence demand that every possible protection be given to life and limb, but the State would, for its own interest, insure every worker against sickness, accident and old age.

Credit functions: All the credit functions would of necessity have to be monopolized by the State in the Socialist regime. The place of credit would, of course, be much less important than now. Commercial credit as we know it would disappear. Credit to individuals might be necessary to some extent, and this the State could easily give upon terms which no private creditor could give and make a profit by the transaction. Credit and banking have never yet fulfilled their proper social functions. Credit has always been a means of oppression, as well as the basis for the gambling which goes on upon the produce and stock exchanges. Whatever advantage there may be in a system of credit should be socialized, only its anti-social features being destroyed.

Money under Socialism: Many of the older Socialists argued that the Socialist State must abolish money and

substitute some form of "labor checks," exchangeable for consumption goods at the public stores. Among recent writers this view has been expressed by the late Mr. Edmond Kelly.[1] This view is almost universally based upon the assumption that the Socialist State must accept the labor standard of value, and base upon it an ethical system of distribution. To most Socialists, however, the character of the medium of exchange seems a matter of very minor importance. There is nothing in the nature of Socialism which involves the abolition of money. It is not at all unlikely that future generations may be compelled to adopt some more stable standard of value than the gold standard, and to devise a more convenient medium of exchange. That, however, is pure speculation. All that can be wisely said here is that money, in practically its present form, will continue to be the medium of exchange for a long time in the Socialist State, so far as it is possible to see at the present time.

Land and rent: As we have already seen, there would be no reason for denying the right of individuals to the use-value of land. The security of the individual in this right would be guaranteed by the State, subject to the right of the State to take the land for any public purpose, a right with which we are already familiar, alike as a theory and as a practice of government. But while the State would not interfere with the private use of land, it could not in justice permit individuals to enjoy land rents. It would be obliged to tax the socially created value of land to the full, and it would be obliged, also, to deny the right of any individuals to hold land in idleness. Improvements upon land made by individuals, whether in the form of clearing and fertilizing the soil, or the construction of buildings, would be regarded as a direct contribution to the social wealth to be rewarded according to its value.

Conclusion: In this rough outline of the economic structure of the Socialist State, toward which society is apparently moving, there are many gaps. We have attempted to sketch only the main conditions which we believe must characterize the class-less industrial democracy of the near future. We have confined ourselves to those things which appear to be

[1] *Twentieth Century Socialism*, by Edmond Kelly, pp. 307–313.

the necessary outcome of present conditions and tendencies. Such a State bears very little resemblance to the oppressive bureaucracy sketched by the enemies of Socialism. Far from suppressing individual freedom and initiative, such an economic system would provide the necessary soil for the development of a noble individualism, and for those fruits of a noble individualism, a great art, a worthy literature, a generous culture and a fraternal State.

SUMMARY

1. Socialism involves the collective ownership only of those things which are socially used. Social ownership is looked upon not as an end in itself, but as a means of abolishing exploitation.

2. Where no exploitation is involved, private ownership will probably remain unchanged under Socialism.

3. The Socialist State will develop existing forms, and it does not involve the establishment of a centralized bureaucratic regime.

4. The Socialist State must assume a monopoly of credit functions and of final land ownership.

QUESTIONS

1. Why are Socialists indifferent as to the form of ownership of minor productive enterprises?

2. Criticise the use of the phrase "abolition of private property."

3. What is the principal aim of the Socialist movement?

4. Give examples of industries apparently adapted to private enterprise under Socialism. To voluntary coöperation.

5. How may the disagreeable and dangerous work be done under Socialism?

6. What is the Socialist attitude toward money and credit?

7. What is likely to be the form of land tenure under Socialism?

LITERATURE

See references at the close of the preceding chapter, also: Kelly, E., *Twentieth Century Socialism*, Book I, Chap. III, and Book III, Chap. I and II.

CHAPTER XX

SOCIALISM AND THE FAMILY

Alleged antagonism of Socialism to the family: One of the most common ideas concerning Socialism, is that it would destroy the family organization. It is charged that the advocates of Socialism oppose the family based upon monogamous marriage, and that they hope to destroy it and make sexual relations independent of any interference on the part of the State. Sometimes it is added that Socialism necessarily involves these things, and the most promiscuous sexual relations, according to the fancy and desire of the individuals. This is the substance of the criticism which is summed up in the charge that Socialism involves what is euphemistically called "Free Love."

It is an old charge which has been levelled against nearly every great movement in history at some time or another. It was made against the early Christians. Centuries later it was made against Luther and his followers in the Protestant Revolt. In the political field we have one of the most conspicuous examples of its use against the founders of the present Republican party. In Frémont's campaign, in 1856, the cry of "Free soil, free speech, free labor and free men," was parodied by the enemies of the new party into the insulting cry, "Frémont, free soil, free niggers and free women."

Origin of the charge: Before we proceed to discuss the relation of Socialism to marriage and the family we may with advantage consider the origin of the charge that it is opposed to them and aims at the abolition of monogamous marriage. The criticism is a heritage of the modern Socialist movement from the Utopian movements of the past. Plato's *Republic*, as we have seen, communalized women as well as goods. The two forms of communism went together. It might almost be said that he anticipated most of the

modern theories of eugenics and stirpiculture. In his ideal commonwealth all sexual relations are regulated by the State and confined to persons possessing certain qualifications of age and physical, mental and moral fitness. As Professor Jowett has pointed out,[1] it was not "free love" at all, but rather a very highly developed form of State regulated stirpiculture, which eliminated personal choice and desire almost entirely.

It is not difficult to understand Plato's motive. The essence of Utopianism is the faith that for all the ills of suffering humanity a remedy can be found or devised; that all its ill-working institutions can be set right. In this spirit of faith every institution which has not worked with perfect success has been subjected to the most searching criticisms and the most ingenious experiments by Utopian inventors. For minds of this type, the marriage relation and the family have at all times offered abundant challenge and opportunity. It must be confessed that, however sacred we may regard it as an institution of fundamental social importance, monogamic marriage is very far from being perfectly successful. The proportion of failures is unhappily great, so that marriage is spoken of as a lottery in which there are many more blanks than prizes.

Religious origins of hostility to marriage: So universal has been the recognition of the comparative failure of all marriage systems that the passion for perfection has almost invariably led to one of two forms of opposition to marriage—the condemnation of sexual intercourse, on the one hand, or sex-communism, on the other. This is especially true of religious movements based upon the desire for perfection. Thus, we have the celibacy of early Christianity and some of the later sects of religious communists, like the Shakers, for example, and the sex-communism of the Waldenses, the Anabaptists, and, in this country, the Perfectionists. No one can frankly study the history of sex-communism and its opposite, celibacy, without reaching the conclusion that both forms of hostility to marriage have commonly sprung from religious zeal and fanaticism. That all such schemes were inspired by the purest motives need not be denied, even by those who are most repelled by the schemes them-

[1] Introduction to Plato's *Republic*, 1st Ed. Vol. II, pp. 145–147.

selves and the abuses which invariably attended them—such as licentiousness, sex-perversion and self-emasculation.

Secular origins of sex-communism: Celibacy is almost always religious in its origin. The early Christian church stamped it as the highest ideal and marriage as at best an evil, a concession to the flesh, a carnal indulgence. Where antagonism to the family appears in connection with communistic movements it almost invariably takes the form of sex-communism, more or less strictly regulated. Rarely or never does it take the form of celibacy. The reasons for this are not difficult to discover. All such experiments in Utopia making are attempts to establish the basis of a new social order within the old order. Every precaution must be taken to exclude the hostile principles and influences of the old order, less they destroy the new ideal order in its cradle, so to speak. Private property and the inheritance of property being so closely identified with the separate family, it is easy to understand how the founders and inventors of communistic movements and schemes have almost universally regarded individual marriage and separate family life with fear as a certain means of reversion to the old order of private property. Next to this fear of the disintegrating influence of monogamic marriage and family life comes the fear that unless the State in some manner controls sexual relations and procreation, population must outrun the means of subsistence. We know now, however, that population always tends to abnormal and unsafe increase where the standard of life is lowest and there is most poverty and pressure.

Modern Socialists and the charge: We have considered thus far only the chief sources of the hostility of communistic Utopias, both secular and religious, to marriage and the family. It is not strange that many honest and sincere men and women should believe that Socialism is but the modern expression of the same general aims, and that it seeks to abolish monogamic marriage and family ties. Nor is it strange that the enemies of Socialism in their defense of the present order should attempt to create prejudice against the movement by charging it with that purpose and aim. It may also be freely admitted that, like all popular movements directed against the existing order of

society, the Socialist movement in its early stages attracted to itself many who were not really Socialists at all, but were merely in revolt against the existing social order, or some phase of it. Thus, in the early stages of the Socialist movement, the lines between the Socialists and the Anarchists were not at all sharply drawn. At such a period of the movement every one dissatisfied with existing conditions is welcomed, and so visionaries of all kinds naturally unite under the banner of Socialism and in its name advocate ideas which are not at all essential to the Socialist theory or the Socialist program. In this respect, again, the history of Socialism does not differ from that of Christianity.

It is also true that individual Socialists of prominence in the present day Socialist movement have speculated freely concerning the future of monogamic marriage and the family, and the changes in them which must result from the reorganization of society. Among these we may mention August Bebel, the famous German Socialist leader, whose views are set forth in his book, *Woman and Socialism*, and William Morris and Ernest Belfort Bax, whose views are set forth in their joint work, *Socialism, Its Growth and Outcome*. Only the most foolishly narrow-minded would attempt to restrain or restrict honest thought upon a problem of such vast magnitude and importance, for it is only through such thinking that progress is made possible. At the same time, we must bear in mind that the Socialist movement has a right to say, as it does say, in fact, that such views are the views of the individuals responsible for them, not of the movement. The Socialist movement must be judged by its mass, not by a few individuals. The movement as a whole can no more be held responsible for the personal views of any man, however prominent he may be, upon the question of marriage, than for the views of other men upon vivisection, vegetarianism, prohibition, the Synoptic gospel or any one of a multitude of questions upon which men hold different opinions.

We need not pay very much attention to that form of criticism which winnows the pages of Socialist history and gathers examples of individuals who have violated the accepted code of morality, and makes the compilation the basis of an attack upon the Socialist movement and its propaganda.

It must be said that there is not a party or a movement of any magnitude in all history which could not be attacked in the same way with at least as much success and justification as can the Socialist movement. One does not have to read far into the history of Christianity itself in order to discover evidences of unspeakable licentiousness and lust. Similarly, one does not need to read far into the history of Roman Catholicism to find the evidence of degenerating vice existing among clergy and laity alike, despite the most beautiful theories, the vice sometimes throned in the papal chair itself, as, for example, under Alexander VI. Likewise, one does not read far into the history of the Protestant Revolt before he encounters similar evidences of vice clothed by religion. Even in contemporary life it would not be at all difficult for an industrious enemy of religion to compile a formidable list of deeds of vice and crime committed by individual Christians, Catholics and Protestants alike. But to make such a list the basis of an attack upon Christianity in general, or upon Protestantism or Catholicism in particular, would be puerile indeed. It is equally puerile to make the deeds of individual Socialists the basis of an attack upon the whole movement.

Capitalism destroys marriage and family life: That monogamic marriage and family life do not flourish under the existing industrial system is an evident fact which has always afforded the propagandists of Socialism material for one of their strongest indictments of capitalism. Divorce has become so prevalent that marriage as an institution is hardly more stable than it was in Rome in the fifth century. If we add to divorce the widespread prostitution we are forced to the conclusion that monogamous marriage can hardly be regarded as the dominant characteristic of our sex relations.

Divorce: The first serious attempt to measure the magnitude of the divorce problem was made in 1887 by the United States Department of Labor, under the direction of the late Carroll D. Wright. It was in many ways a disappointing study, for it revealed little more than the fact that within twenty years so many divorces had taken place, more than in any other country of the world except Japan. It seemed to justify the conclusion that a majority of the divorces were

due, either directly or indirectly, to economic causes, but even there the study was sadly inconclusive. The one fact which stood out was that in the twenty year period, 1867–1886, the total number of divorce decrees was 328,716. The fact seemed alarming, but it was practically impossible to judge its real significance, for there was no way of telling how many marriages had taken place in the same period. In some of the states no records of marriages had ever been kept.

In the year 1906 a new statistical study of the problem was begun under the direction of the Bureau of the Census, and completed in 1909. Owing in large part to the fact that the methods of registering and recording marriages in the various states had become fairly uniform since 1887, the new study affords a much clearer view of the problem than the old one. In the twenty year period, 1887–1906, the number of divorces was 945,625. In other words, marriage was dissolved at the rate of 47,281 cases each year, 3,940 each month, more than 130 each day. The divorce rate increased faster than the marriage rate. One marriage in every ten is dissolved by divorce. The rate varies greatly in different states, ranging from zero in South Carolina, which does not grant divorce at all, to one in every four or five marriages in several other states. Two-thirds of the divorces are granted to women, the most frequent causes assigned being "desertion" and "cruelty," both of which terms are, in practice, largely mere technicalities, making it possible for either party to bring suit without heaping disgrace upon the other. These reasons, therefore, are largely fictitious and serve to cloak the real reasons in a great many cases. This is indicated by the fact that few of the suits brought on these grounds are defended.

There is perhaps hardly another subject concerning which so many popular generalizations are without foundation in fact: the divorce rate is not materially affected by the character of the divorce laws; alimony plays a very small part, for in eighty per cent of the suits brought by women alimony is not even asked for: divorce is not generally simply a means to "change partners," for divorcees do not marry at a greater rate than widows and widowers, nor does re-marriage take place sooner after the divorce than after

bereavement, as a rule; divorce is not lightly resorted to, apparently, without a serious attempt on the part of both parties to endure the marriage bond, for most divorces take place after four years of married life, and the average is something over nine years; the divorce rates of Unitarian Massachusetts and Mormon Utah do not materially differ from that of Louisiana with its large percentage of Catholics; the "divorce colonies" at Reno and elsewhere do not materially affect the problem, for eighty per cent of all divorces are granted in the State in which the marriage was contracted. More important than any of these factors, apparently, is the *price* of divorce, the cost of obtaining it. And this fact would seem to indicate that if the cost was so reduced as to make divorce accessible to all the number of divorces would be increased. Obviously, to increase the price so as to make it prohibitive to a still larger number of people would be no solution of the problem, and would simply create another class privilege.

Prostitution: Another menace to monogamous marriage and family life is prostitution. There is, of course, no means of ascertaining the exact number of prostitutes or their patrons. It has been estimated[1] that there are from forty to fifty thousand professional prostitutes in New York City alone, and possibly as many more who occasionally add to their income in that manner. Averaging the best estimates available we get an estimate of 300,000 prostitutes for the whole of the United States. Appalling as it seems, this estimate is probably not too high. The number of men patrons of these women cannot be less than ten times as many. In other words, at least three million men are concerned in this worst of all forms of sex promiscuity.

It would be exceedingly foolish to attempt to ascribe all prostitution to capitalism. Prostitution is much older than capitalism. It existed in Babylon, in Greece, in Rome, and all through the Middle Ages, sometimes under the guise of religion. It exists to-day in all parts of the world, in India as well as in the United States. Nevertheless, it is admitted by all students of the problem that poverty is one of the

[1] By Hon. Elbridge T. Gerry and Police Superintendent Byrnes in 1893—*vide* statement of the former at the World's Congress on Social Purity in that year.

main reasons why so many girls and women become prostitutes. The proportion of low paid workers who become prostitutes is exceedingly high, and, as we have seen in an earlier chapter, every period of depression in trade adds to the number. Whatever may have been the case in ancient times in those countries where the prostitute was honored above the wife, in modern society women do not voluntarily choose the life, except in rare cases. But it is not difficult to understand why women become prostitutes when it is remembered that it is probably true that there are more women who earn twenty-five hundred dollars a year by the sale of their bodies than there are women in all businesses and professions who earn an equal amount. The evil can never be remedied until the economic evils inseparable from capitalism are done away with.

Masculine vice: So much for the woman's side of the problem. On the man's side there is also an important factor of economic causation to be considered, namely, the increasing difficulty of early marriage with an assurance of sufficient earnings to support a wife and family. The crowding of young men into the big cities through the drift from the country, which is one of the most marked results of industrial evolution, naturally leads to the patronage of the brothel. The principle is not different from that which has at all times caused the brothel to flourish near the garrison in military centres. The income of the average young man may provide a comfortable living for himself, and even permit a higher standard of living than that to which he has been accustomed, but if it does not suffice to warrant founding a family the result is almost certain to be the development of a selfish indulgence which manifests itself in many forms—vice among them.

Indirect economic causes: To these direct economic causes of prostitution must be added the indirect causes, of which the low standards of morality engendered by overcrowding and other poor housing conditions, and the forcing of boys and girls to work in the most dangerous period of adolescence where they must associate with large numbers of older persons and learn their ways, may be mentioned as examples. It is not necessary to go to the extreme of claiming that prostitution is solely due to economic causes in order

to show that economic causes contribute very largely to its existence.

Socialist criticisms of the family: A candid study of the criticisms of the family in modern Socialist literature will reveal the fact that most of it has been directed, not against marriage and family life, but against their abuse under capitalism, against the shortcomings due to the capitalist system. Thus, marriage for reasons other than love, for money, title, and social position, has been denounced as "legalized prostitution," which ought to be abolished equally with the commoner and grosser forms of prostitution. But to say that marriage for money is a form of prostitution within wedlock, that no marriage is worthy the name which is not based upon affection, is not to attack marriage itself. On the contrary, it is to elevate marriage and attack one of the forces which militates against its success. The Socialist critics of society have as a matter of fact idealized marriage and made that ideal conception a club with which to attack capitalist society and capitalist class rule. By the employment of young children, often in competition with their fathers; by forcing women to leave their homes and the care of their families to work in factories; by over-crowding in tenements, low wages, high rents, and numerous other evils, capitalism has done much to prevent the development of true monogamy and ideal family life.

Such has been the substance of the criticism of Socialists from the very first. Marx and Engels, in the *Communist Manifesto,* declare it to be "self evident" that prostitution in all its forms, public and private, the legalized prostitution described above and the ordinary prostitution of the brothel, will disappear under Socialism. Passages from the *Manifesto* are sometimes torn from their context and quoted in an attempt to prove that Marx and Engels wanted to destroy marriage, but the deceitful trick is as foolish as it is dishonorable. No honest mind can read the *Manifesto* without recognizing that so much of it as relates to the family is a vigorous criticism of those evils of capitalism which militate against the realization of anything like an ideal family life, and a declaration that under the new order those evils will vanish.

Frederick Engels on the subject: In like manner, Engels,

in his little book, *The Origin of the Family, Private Property and the State,* takes up the same theme and comes to much the same conclusion. Tracing the development of monogamy through the institution of private property and its bequest and inheritance, he comes to the conclusion that the economic causes which brought about monogamy are now about to disappear. This argument has sometimes been disingenuously used by the enemies of Socialism to show that Engels advocated the abolition of monogamic marriage. Its use in that manner is as foolish and dishonorable as the similar use of the *Manifesto* referred to above. The argument of Engels is as follows: monogamy arose through private property and the need of a system of bequest and inheritance. But it was one-sided monogamy. It applied strictly to women, and did not prevent men from indulging in polygamy, either secretly or openly. Now, the abolition of private property in the means of production, which is the overwhelming part of inheritable wealth, will not destroy monogamy. It will do away with prostitution, and, by placing woman upon a plane of equality with men, will make monogamy realizable—for men as well as for women. He accepts Bachofen's view that the progress from group marriage to monogamy was mainly due to women, and predicts that if woman is made equal to man politically and economically, there will be further progress toward real, complete monogamy: "Remove the economic considerations that now force women to submit to the customary disloyalty of men, and you place women on an equal footing with men. All present experiences prove that this will tend much more strongly to make men truly monogamous, than to make women polygamous."[1] Engels refuses to make any forecast about the family, except that love will become the only motive for marriage once women's economic equality with man is established:

"What we may anticipate about the adjustment of sexual relations after the impending downfall of capitalist production is mainly of a negative nature and mostly confined to elements that will disappear. But what will be added? That will be decided after a new generation has come to maturity: a race of men who never in their lives have had

[1] *The Family, Private Property and the State,* chap. iii, §4.

any occasion for buying with money or other economic means of power the surrender of a woman; a race of women who have never had any occasion for surrendering to any man for any reason but love, or for refusing to surrender to their lover from fear of economic consequences. Once such people are in the world, they will not give a moment's thought to what we to-day believe should be their course. They will follow their own practice and fashion their own public opinion about the individual practice of every person—only this and nothing more."[1]

Socialists have no theories of marriage or the family: The foregoing lucid statement by Engels admirably epitomises the position of the Socialist movement of the entire world. Nowhere, at any time in the history of the movement, was it ever a part of the Socialist creed to abolish marriage or to weaken or transform the family. Everywhere, and at all times, the movement has aimed at the abolition of those forces which corrupt marriage and weaken and endanger the family. Socialism involves no theory of the origin of the family, no theory of its future development. All that it does is to perceive clearly the forces at work in society, forces inseparable from capitalism, which are to-day disintegrating monogamic marriage and the family. These forces it is opposing with all its might, and it may therefore be said to be the one great movement which tends to save the family from utter ruin, the one movement which makes for a perfect monogamy, the family which has its roots in the love of one man for one woman.

That the Socialist State will, for its own preservation no less than for the sake of the children, exercise some control over marriage may be regarded as certain. It may be that it will make marriage a civil contract, compelling all persons to be married by a civil authority, according to certain civil forms, leaving them free to add any sacramental forms they choose so long as they are not in conflict with the civil law. At all events, it seems reasonably certain that marriages will have to be registered by the State, and parents held responsible for their children's welfare. It is also more than likely that the Socialist State will forbid the marriage of persons suffering from certain forms of disease and from

[1] *Op. cit.*, p. 101.

certain physical and mental defects. So much seems certain, because it is already demanded by enlightened sentiment all over the civilized world.

SUMMARY

1. Nearly every great movement in history has been charged by its opponents with attempting to destroy the family.

2. The disintegration of the family is rapidly taking place under the present social order.

3. Many Socialists have criticised the shortcomings of the institutions of marriage and the family under Capitalism.

4. Socialists as such have no theories in regard to the future of the family and have no desire to abolish it.

QUESTIONS

1. What is the origin of the charge of "free love" as directed against the Socialists?

2. Discuss the origins of sex-communism.

3. How does the existing industrial system affect the institution of marriage?

4. Discuss the theories as to the cause of the increasing divorce rate.

5. What restriction would a Socialist State be likely to impose upon the marriage relation?

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PART IV

THE SOCIALIST MOVEMENT

CHAPTER XXI

THE RISE AND GROWTH OF MODERN SOCIALISM

The background: The period from 1830 to 1848 witnessed the beginnings of the political activity of the proletariat. Capitalism was now fully established. The accession of the "citizen king" in 1830 marked the final triumph of the bourgeoisie in France, and the Reform Bill of 1832 destroyed the power of the land-owning aristocracy in England. As the old class struggle ended the newer struggle between the capitalist class and the proletariat assumed first importance.

In England this new struggle at first took the form of an agitation for political democracy. The Working Men's Association was formed to carry on the agitation for the extension of the franchise to the working class. In 1838 this association, aided by some radical members of the House of Commons, drew up a bill, the so-called "People's Charter," from which the movement derived the name Chartism. Great mass meetings were held in all parts of Great Britain, newspapers were established, the country was flooded with pamphlets and broadsides, and hundreds of thousands of names were signed to parliamentary petitions. In a very few years the Charter had undoubtedly won the moral support of a majority of the British people, but the follies of the leaders of the movement and their petty quarrels and jealousies caused many of its adherents to forsake it. Finally, the movement became merged into the general movement of Liberalism.

In France the class conscious portion of the proletariat supported Louis Blanc in his agitation for the establishment of "social workshops," to be established by the State and operated and managed by the workers themselves under the general supervision of the State. Unlike many other Utopians, Blanc placed no reliance upon private capital. He regarded democracy as the first essential of social regenera-

tion. His social workshops were to develop through their superior merit until they absorbed the whole of capitalist industry.

Another movement of a broader character, but less definitely proletarian, had its roots in Mazzini's work for Italian unity and freedom. Following the Young Italy movement came the Young Europe Association, founded by some of Mazzini's followers. As an offshoot of this movement some German refugees in Paris formed the Young Germany Society. This society, under the various names of "League of the Just," "League of the Righteous," "Communist League" and "International Alliance" was more intimately connected with the later Socialist movement than any of the other organizations of the period. It was for the Communist League that Marx and Engels wrote the *Communist Manifesto*.

Conditions in 1847: By the year 1847 Utopianism had passed the climax of its strength. Owenism had never recovered from the failure of the experiments made in England and America, and was now an unimportant sect. Saint-Simonism had degenerated under the leadership of Bazard into an indecent travesty of Saint-Simon's ideas. Fourierism, discouraged by the catastrophic ending of the Brook Farm experiment, was fast losing ground. The only communistic movements which possessed real vitality were those represented by Cabet and Wilhelm Weitling. The Communism of both was essentially Utopian, but it was distinctly proletarian. Its basis was the crude class doctrine of the "Rights of Labor," and its appeal was based upon Brotherhood, Justice, Order and Economy.

We have already considered Cabet in another chapter.[1] Weitling alone among the Utopians was a man of the people, a true proletarian. By trade a tailor, during his *wanderjahre* he had come into contact with the Communist movement, and in 1838 published his first book, *The World As It Is and As It Might Be*. This was followed four years later by *The Guaranties of Harmony and Freedom*. Weitling was a proletarian agitator of the highest type, and in some features of his theory comes very close to some of the ideas of Marxian Socialism. He may be considered the personal connecting

[1] See p. 197.

link between the Utopian movements and modern, scientific Socialism.

With Utopianism moribund, or being transformed into a proletarian movement, and the working class stimulated to political activity, the materials were ready for the development of a new and unified Socialist movement. This task was accomplished in the next generation, and the dominant personality in the new phase was Karl Marx.

Biographical: Marx was born at Trier, Germany, in 1818. His father, Heinrich Marx, was a lawyer of prominence and comfortable fortune who held a government position. A Jew, the descendant of a long line of rabbis, he became a Christian in 1824, six years after the birth of his famous son. Karl Marx studied philosophy and law at Bonn and Berlin and received his doctorate at Jena in 1841. After the suppression of a radical daily newspaper of which he was editor, he went in 1843 to Paris, where he joined a remarkable group of radicals, among whom were Heine, the poet, the Anarchists Proudhon and Bakunin, and the Utopian Cabet. At this period Marx became interested in the teachings of Saint-Simon.

It was in Paris, also, that Marx first met, in 1844, the man whose life was destined to be inseparably linked to his own, Frederick Engels. Two years the junior of Marx, Engels was the son of a wealthy German manufacturer who had large interests in Manchester, England, to which Engels eventually succeeded. The friendship and literary partnership of Marx and Engels lasted until the death of Marx in London in 1883, and was never clouded by a single quarrel or unpleasant difference of opinion. In 1845 the two friends went to Brussels and there organized the German Workingmen's Club, a sort of labor union, one of the members being Wilhelm Weitling.

In 1847 Marx and Engels and the whole Brussels group became affiliated with the International Alliance and proceeded to bring about its reorganization. They had joined for this purpose at the request of a few of the more active spirits in the movement. A congress was called in London at which Marx was represented by Engels and Wilhelm Wolff, one of their staunchest supporters. On behalf of Marx, Engels and Wolff outlined a program which was

approved, despite the bitter opposition of Weitling and his followers. These latter were thoroughly imbued with the conspiratory methods which had hitherto prevailed. They believed that secret organization and sudden uprisings were the only fruitful methods of working class action. The Marxian program, on the other hand, discouraged these and advocated open agitation and the building up of a great political party of the proletariat. Engels and Wolff having succeeded, a resolution was passed asking Marx and Engels to formulate a declaration of principles and a practical program for the movement.

At a second meeting of the congress, in November, 1847, Marx was present and read the program and declaration of principles which he and Engels had prepared. The whole was a draft of the *Communist Manifesto*, and was enthusiastically adopted. This made Marx and Engels the acknowledged leaders of the movement.

The subsequent life of Marx and Engels was devoted to the Socialist movement, to the formulation of its theoretical basis and its tactics and policies. Marx published his *Contribution to the Critique of Political Economy* in 1859, the year in which Darwin's *Origin of Species* appeared. The first volume of *Das Kapital* appeared in 1867. Poverty, the exigencies of the movement and ill-health combined to prevent Marx from finishing the two remaining volumes, but after his death the manuscripts were completed and edited by Engels, who published the final volume just before his death in 1895.

The Communist Manifesto: The new Marxian program was complete in January, 1848, and published in February. Its publication is usually considered as marking the beginning of the modern movement. The *Manifesto* was the first clear and definite statement of scientific Socialism. Its twenty-five pages of vigorous and incisive German sets forth the history and character of class struggles, the character of modern social classes, and the position of capitalism in industrial evolution. All this is interpreted as pointing out that the next stage in evolution will be characterized by the abolition of private capital and the socialization of production and exchange.

The *Manifesto* was a rallying call to the proletariat, the

workers' Declaration of Independence. Its inspiring keynote "Workingmen of all countries, Unite!" has been the watchword of Socialism from that day to this. The *Manifesto* put an end to Utopian Socialism. The ideological conception of society with its resulting belief that capitalism must be regarded as a wicked invention by greedy and cruel men, to be destroyed by triumphant virtue, was effectually destroyed. The Utopian viewpoint could not again prevail as a basis for Socialist agitation, except locally and for very brief periods.

But the proletariat was not yet ready to unite upon the great scale Marx and Engels had hoped for. Although they were not so sanguine as many of their followers, Marx and Engels underestimated the shortcomings of the proletariat and the forces of division. It is only after sixty years that a new generation is actually answering the rallying cry upon a grand scale and working effectively along the lines laid down by Marx and Engels in 1848.

"Communism" and "Socialism": The use of the word "Communist" by Marx and his followers needs some explanation. In 1848, the word "Socialism," which had been first used to describe the theories of Robert Owen, was used to describe all forms of the decadent Utopianism. Marx and Engels desired to wean the movement entirely away from Utopianism. This fact alone would have caused them to avoid the use of the word "Socialism" in connection with their theories. On the other hand, the working class elements to unite which the *Manifesto* was written were all known as Communists. The word "Communism" was therefore the logical one to use to describe the aims of the movement. Since that time, however, the meanings of the words Communism and Socialism have been exactly reversed, and the latter word is used to describe the movement based upon the teachings of Marx, while the former word signifies the common ownership of all wealth, both in consumption and production goods. The most superficial examination of the *Manifesto* will show that Marx and Engels were not Communists in the modern sense of the word, but Socialists.

The revolution of 1848: The day on which the *Communist Manifesto* was published in London saw the outbreak of revolution in Paris. The social discontent which Marx and his friends had sensed, and which many of them regarded as

the sign of the coming of an immediate Social Revolution, broke forth in open revolt. Louis Philippe was driven from the throne and a Republic established. Nor was France alone affected. All Central and Western Europe felt the force of revolutionary activity, and it is not surprising that some of the Socialists believed that the Social Revolution had come. But when the excitement was over and the time for reconstruction had arrived it was soon discovered that the Revolution was only the revolt of the bourgeoisie against the survivals of feudal restrictions. A real impetus was given to the democratic movement, however, and to that extent the proletariat was benefited. But at the end of the struggle capitalism was stronger than ever before, the proletarian leaders were driven to exile in most cases, and the new movement seemed to have been crushed at its very inception.

As a concession to the proletariat, and in return for their assistance, Louis Blanc and two or three other leaders of the working class were given places in the French Provisional Government, and Blanc at once pressed his plan for the establishment of social workshops. So great was his following that the government did not dare to oppose him openly. National workshops were accordingly established, but in such a manner that Blanc denounced them and disclaimed all responsibility for them. Instead of employing skilled workers at productive work, the workshops were filled with a mob of incompetents who could not otherwise find employment and were given unproductive labor. The result of the subsequent government investigation, and the confession of the director of the workshops, prove that they were established with the deliberate purpose of discrediting Blanc and his theories.

The reaction: The uprisings of 1848 had accomplished little from the point of view of the proletariat, and the next few years record very little of interest except the literary work of Marx and the preparation of the leaders of the later movement. Most of the revolutionary leaders of France and Germany were in exile, and London was practically the only important centre of radical thought and activity. The movement fell into the hands of impatient advocates of immediate revolutionary uprisings, and in 1850 Marx withdrew from the Central Committee of the Communist Alliance

with a statement in which he warned the members that they would have to pass through "fifteen, twenty, fifty years" of strife in order to change conditions and make themselves fit for political power. The attitude of the majority he characterized as the substitution of revolutionary phrases for revolutionary evolution.[1] The Alliance survived the withdrawal of its leader barely two years, and for the next twelve years there was practically no formal organization of the Socialist forces.

The "International": The next decade brought with it renewed activity. The Universal Exhibition at London in 1862 brought together representatives of the working classes of England, France and Germany and did much to stimulate the feeling of working class solidarity. In 1864, largely through the inspiration of Marx, a congress composed of English workingmen and their sympathizers, revolutionary exiles from the Continent living in England, and delegates from France, Germany, Italy, Poland and Switzerland was held in London and resulted in the formation of The International Working Men's Association.

The program of the Association was written by Marx, and was enthusiastically adopted after one offered by Mazzini had been rejected. It reaffirmed the principles of the *Communist Manifesto* and ended with the old rallying cry to unite. The "International" thus born rapidly extended to all the countries of Central and Western Europe and to the United States and Australia. It played an important part in the labor troubles which occurred in several countries, and for several years was an important force in international politics. Its congresses were devoted to the discussion of social and labor problems. Thus, the International was something more than a mere revival of the Communist League. It was the first real attempt to organize the workers internationally, embracing both the economic and the political forms of organization. The Communist League had touched only a few choice spirits. The International, on the other hand, embraced practically all the organization of the workers, and its story forms one of the most stirring chapters in the whole history of the labor movement.

Divergent elements: The declaration of principles to

[1] Quoted by Jaurès, *Studies in Socialism*, p. 44.

which all members of the International had to subscribe was essentially a Socialist document. It set forth that the emancipation of the working class must be the work of the workers themselves. The struggle for this emancipation is not a struggle to place the workers in the position of a ruling class, but a struggle to abolish all forms of class rule. The economic dependence of the workers upon those who own and control the instruments of labor forms the basis of every kind of servitude, social misery and spiritual degradation. Therefore, every political activity of the working class must be directed to their economic emancipation.

But the International comprised many elements to whom the declaration of principles meant very little. Its greatest weakness as well as its greatest strength lay in the fact that it embraced too many diverse elements. Although Marx was its dominating spirit, the International was by no means unitedly pledged to his principles. In addition to the real Marxists there were those who still believed in conspiratory action, those who followed Proudhon, those who relied solely upon the power of the trade unions and those to whom nothing was important except political democracy. To Marx the most important need of the time seemed to be the union of the workers. Everything else must be subordinated to that end. Thus we find many compromises and contradictions in the history of the International, as, for example, when the Geneva Congress in 1866 defeated an amendment in favor of an eight-hour work day and adopted a resolution in favor of ten hours, and when the Lausanne Congress, in 1867, passed a resolution declaring that only in individual cases, where the father was incapacitated, should the State undertake the education of children!

Decline of the International: After the congress of 1868 the Russian Anarchist, Michael Bakunin, joined the International and precipitated a conflict between the Anarchist members and the followers of Marx. The struggle became a titanic intellectual duel between Marx and Bakunin, the two men who even now are regarded as the foremost representatives of their respective movements. Marx was victorious, but in the victory the International itself was destroyed. In 1872, in order to avert further danger from the anarchists, the seat of the General Council was transferred

to New York, where Marx had a considerable following among the German exiles. This removal was designed simply to hide for a time the fact that the International was destroyed in order to keep it out of the hands of Bakunin. In 1876 a "congress" of eleven delegates met in Philadelphia and formally dissolved the organization.

The form of organization died, but the work and the spirit of the International remained. It had, in some degree, accomplished the international unification of the proletariat and inspired it with a consciousness of proletarian solidarity. More than that, it had materially aided the formation of Socialist parties in several countries.

The "New International": The later history of the international Socialist movement must be considered in its separate national phases. Before the decline of the International the rise of the German Social Democracy had already marked the beginning of a new era in the history of Socialism. From 1872 to 1889 the strength of Socialism grew steadily throughout Europe and America, preparing the way for a new International.

On July 14, 1889, the first of a new series of international congresses was opened in Paris, and the event was hailed as the establishment of a New International. The subsequent congresses of the international Socialist movement have been held at Brussels (1891), Zurich (1893), London (1896), Paris (1900), Amsterdam (1904), Stuttgart (1907), and Copenhagen (1910). In conjunction with the Stuttgart Congress, an International Congress of Socialist Women was held, representing the women's movements of the leading countries. This was repeated at Copenhagen and has now become a permanent feature of the international movement. The new International is really a federation of autonomous national Socialist parties, united for the common purpose of bringing an end to the world-wide system of capitalist exploitation. It is united in its adherence to the fundamental theories of Marxian Socialism. As an organization it exercises no authority over the various affiliated parties, either in matters of theory, program or methods. Since 1900 a permanent International Socialist Bureau has been maintained at Brussels, with a secretary who is the one permanent and paid officer of the International movement. The

bureau itself consists of non-resident delegates from every Socialist party affiliated with the International.

The growth of the international party has been rapid, and at the present time (1911) its total voting strength is estimated at over nine millions. Its greatest numerical strength is in the four countries of Germany, France, Austria and the United States, in the order named. Considered in proportion to population the order would be very different. Finland and Belgium rank with Germany, while the United States falls very far down the list.

SUMMARY

1. The period from 1830 to 1848 was marked by the decline of Utopianism and the rise in Western Europe of broader proletarian movements.

2. The era of modern Socialism begins with the *Communist Manifesto* of 1848, which first outlined the principles upon which it is based.

3. The International Workingmen's Association was the first great Socialist organization, but it was composed of many divergent elements and was wrecked by the dissension between the Socialists and the Anarchists.

4. The "New International" dates from the Congress of Paris in 1889. It is a federation of autonomous national Socialist Parties, having a combined voting strength of over 9,000,000.

QUESTIONS

1. What is the significance of Chartism in the history of the Socialist movement?

2. What is the place of Weitling in Socialist history?

3. What were the points of difference between Weitling and the Marxians in 1847?

4. Discuss the bearing of the *Communist Manifesto* upon the subsequent Socialist movement.

5. Why did Marx and Engels call themselves Communists instead of Socialists?

6. What results did the Revolution of 1848 accomplish?

7. Describe the characteristic features of the International.

8. What were the elements of weakness in the International?

9. Describe the form of organization of the "New International."

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CHAPTER XXII

THE NATIONAL SOCIALIST MOVEMENTS

(1) Germany

Origins: Through priority of origin as well as present strength, the German Social Democracy claims our first consideration. The most prominent figure in the early history of the German movement is Ferdinand Lassalle. While Marx and Engels were both Germans, they were in a very special sense cosmopolitans, and each of them spent his life outside of Germany. Lassalle was born in 1825. Like Marx, he was of Jewish descent. At the age of twenty-three he joined the Socialist wing of the revolutionary movement of 1848, his activities leading to his imprisonment for six months and exclusion from Berlin for ten years. His first real opportunity came during the bitter struggle of 1862 in which Bismarck became master of Prussia. He entered political life with a vigorous propaganda by lectures and pamphlets in which he differed from the other political parties and subordinated the political aspects of the struggle to its social aspects. He had at first contemplated joining the Liberals, but found them half-hearted in their advocacy of democracy. It was then that he proposed the formation of an independent Socialist party. The proposal met with a ready response, and in May, 1863, the General Workingmen's Association was founded with Lassalle as its president. The Association adopted a program, written by Lassalle, which aimed chiefly at the abolition of the three-class system of voting, which still obtains in Prussia. During the remainder of his short life Lassalle worked for the cause with feverish activity, writing, lecturing and organizing with almost superhuman energy. In August, 1864, just fifteen months after the formation of the new party, Lassalle was mortally wounded in a duel, and his brief but remarkable career was thus brought to an ignoble end.

As a revolutionary agitator Lassalle stands almost without a peer. That no little of the sensational success which attended his agitation was due to favorable circumstances rather than to any personal qualities may be granted. The fact remains, however, that he was a man of remarkable talents. At the same time his defects of character were serious. He was vain, lacking in self-restraint and essentially an aristocrat. His manner of life was that of a self-indulgent man of fashion, and he did not always place the interests of the proletarian movement above his personal pleasures and ambitions.

The period of organization: After the death of its leader the General Workingmen's Association went through a period of depression. Lassalle had been practically a dictator and the association had therefore not developed self-government. The movement proved to be something more than a personal following of Lassalle, however, and after some three years of difficulty began to make considerable progress, especially in Prussia and North Germany. Meanwhile a rival organization had grown up in Saxony, South Germany, under the leadership of Wilhelm Liebknecht and August Bebel, followers of Marx. In 1869 this Southern association met in convention at Eisenach and organized the Social Democratic Workingmen's Party. Both the Lassallean and the Eisenach elements were represented in the North German Diet, seven Socialists being elected to that body in 1867.

The Franco-Prussian War checked the Socialist agitation for a short time, and in the first elections to the German Reichstag only two Socialists were elected. The parties soon revived, however, and in 1874 their combined vote was 340,000, nine representatives being elected to the Reichstag.

Union of the two parties: Both the Eisenach, or Marxist, party and the Lassallean association had met with persecution from the police at every step since their organization, and by this time the need for unity of the two forces had long been apparent and discussed. While the two organizations had a common object there were a number of differences in theory and tactics—the differences between the theories and tactics of Marx and those of Lassalle.

The union of the two factions was finally effected at Gotha, in 1875. The Lassalleans were in the majority, and in the

interests of harmony the leaders of the Marxist forces consented to the program drafted by the Lassalleans. By far abler than the leaders on the other side, the Marxist leaders manifested great wisdom and courage in taking this step, despite the protests of Marx himself. The program opens with the statement that "Labor is the source of all wealth and all culture, and as useful work in general is possible only through society, so to society, that is to all its members, the entire product belongs; while as the obligation to labor is universal, all have an equal right to such product, each one according to his reasonable needs." This, together with the reference to the "Iron Law of Wages" in the following section, is purely Lassallean, as is the demand for "Socialistic productive associations with State help under the democratic control of the laboring people."

Marx wrote from London a bitter denunciation of the proposed program. He was not opposed to union. On the contrary, holding that "Every step of real movement is worth a dozen programs," he would have had them unite upon almost any basis except that of a program which he regarded as fundamentally false. He attacked the Lassallean principles contained in the program and denounced them as "utterly condemnable and demoralizing to the party." Had this letter been published at the time it would have defeated the efforts to unite the two elements. The letter was not published until many years afterward, however, and although Marx was furious at the time, on account of the rejection of his advice, time has shown that the defects of the Gotha program were not important enough to offer a real barrier to the progress of the movement.

The "exceptional laws": At the election of 1877 the united party polled half a million votes and elected twelve members to the Reichstag. This revelation of the strength of the movement aroused and frightened Bismarck. His rule was challenged and he answered with repression, the Junker dominating the statesmen. A pretext for the repression was found in the attempts made upon the life of the Kaiser by two irresponsible fanatics. Although it was very evident that the Socialists had nothing to do with either attempt, Bismarck accused them of complicity and forced through the Reichstag severe laws which suppressed all Socialist news-

papers, the holding of public meetings, and even the formal organization of the party. During the remainder of Bismarck's rule the only forum open to the Socialists was the tribune of the Reichstag itself. The affairs of the party had to be conducted largely from Switzerland, even its official organ, the *Sozial Demokrat,* being published from there and smuggled into Germany.

For a time the growth of the party was checked. The voters were openly intimidated and many of the leading Socialists were exiled. In 1881 the vote of the Social Democrats fell to 312,000. But a movement like Socialism thrives on oppression, and when in 1890 the Social Democrats polled 1,427,000 votes, three times the vote of 1877, the government abandoned Bismarck's policy of repression and the exceptional laws were repealed.

The Erfurt Congress: In 1891 the party was again permitted to hold a convention upon German soil. It met at Erfurt and adopted a new program in place of that adopted at Gotha. The Erfurt program eliminates all the semi-Utopianism of Lassalle, and is one of the best short statements of Marxian Socialism ever made. It begins as follows:

"The economic development of the bourgeois society leads by a necessity of nature to the downfall of small production, the basis of which is the private property of the workman in his means of production, and transforms him into a proletarian without property, whilst the means of production become the monopoly of a comparatively small number of capitalists and great land-owners."

The program goes on to describe the class struggle, and the necessity of collective ownership of the means of production for the emancipation of the proletariat. This social transformation at the hands of the working class must come through political action, and in emancipating themselves they will free humanity. The specific demands are well stated, and the whole program is an indication of the great intellectual advance made by the party in the sixteen years which had elapsed since the Gotha Congress. The Erfurt program still stands as the theoretical basis of the German Social Democracy after twenty years of experience and criticism.

Later growth: The strength of the Social Democrats has

steadily increased since the Erfurt Congress. The following table shows the growth of the party's electoral strength since the establishment of the Empire:

TABLE VI

GROWTH OF THE SOCIALIST VOTE IN GERMANY

Year.	Socialist Vote.	Percentage of Total Vote.	Members Elected to Reichstag
1871	124,655	3.0	2
1874	351,952	6.8	9
1877	493,288	9.1	12
1878	137,158	7.6	9
1881	311,961	6.1	12
1884	549,990	9.7	24
1887	763,128	10.1	11
1890	1,427,298	19.7	35
1893	1,176,738	23.3	44
1896	2,007,076		57
1903	3,008,000	24.0	81
1907	3,258,968	24.3	43[1]
1912	4,400,000	40.0	110

The gain in the total vote in 1907 was made in the face of a concerted campaign against Socialism made by the government and all the other parties of the Empire. Every Socialist candidate met with a united opposition supported by almost unlimited funds. Over ten million anti-Socialist pamphlets were distributed, and speakers were sent to every possible social and literary club. The chief cause of the relative weakness of the Social Democrats in the Reichstag lies in the fact that the Empire has never been redistricted. The great cities, which are the strongholds of the Socialists, have the same number of representatives that they had in 1871. The Centre, or Roman Catholic, party—which is next to the Social Democracy in numerical strength—has its strongholds in those sections of the country which have not materially increased their population since 1871. Although this party polled only 2,183,384 votes in 1907, or 1,075,584 votes less than the Social Democrats, it had 108 representa-

[1] Increased to 52 in the by-elections between 1907 and 1911. The report of the party to the International Congress at Copenhagen in 1910 showed that the party had also 185 representatives in the various parliaments of the federated States of the Empire.

tives in the Reichstag as against the 43 of the Social Democracy.[1]

The dues-paying party membership has increased 57.7 per cent since the election of 1907, the total number in 1911 being 836,562. In the nine by-elections which took place in the year ending August 1, 1911, the party vote averaged 47.37 per cent of the total vote cast, as against an average of 40.46 per cent in the contested elections of 1907. The Social Democracy controls many of the larger German cities, and has at present 8,910 municipal representatives in the Empire.[2]

Revisionism: Within recent years a movement for a moderation of theoretical statement and for opportunism in political tactics has grown up within the party and been greatly exploited by the non-Socialist press. The best known representative of this movement is Eduard Bernstein, a trusted leader of the party from the early days of the exceptional laws. The principal points upon which he centres his attack on the accepted theories of Socialism have been dealt with elsewhere. Bernstein's book, *Die Voraussetzungen des Sozialismus*,[3] made a tremendous sensation when it appeared in 1899. Although the proposals of the Revisionists have always been defeated by large majorities in the party congresses, they have gained steadily in influence.

At the Magdeburg Congress in 1910 the point at issue between the two elements was on a question of practical tactics. One of the strictest rules of the party is that its representatives must not, under any circumstances, vote for the budget of the government. The argument is that such an act would be voting money to an anti-Socialist government. It happened that in the Grand Duchy of Baden the Socialists held the balance of power between the liberal government and a conservative clerical opposition. Deeming it unwise to play into the hands of the latter, the Socialists, led by Dr. Frank, voted for the budget. At the Magdeburg Congress, Bebel moved a resolution mildly censuring

[1] In January, 1912, the Social Democracy became the strongest single party in the Reichstag, the Centrists returning only 93 members.

[2] Vide Report of Executive Committee to Party Congress at Jena, Sept., 1911.

[3] Published in English translation under the title, *Evolutionary Socialism*, New York, 1910.

the Baden leaders. For Dr. Frank, who is one of the ablest and best loved men in the German party, Bebel expressed his affectionate regard, calling him his youngest son, his Benjamin. But while the resolution of censure was as mild as it was possible for such a resolution to be, Bebel's attack upon the position taken by Dr. Frank and his colleagues was keen and bitter. At an evening session, Dr. Frank announced that he and his colleagues could not agree to abide by the resolution. Aroused by this declaration, the "orthodox" element insisted then and there upon adding a rider to the resolution warning the Baden delegates that in the event of their refusing to obey the resolution they would be expelled from the party. Realizing the seriousness of his position, Dr. Frank begged the Congress to adjourn the discussion until the next morning. This the Congress refused to do and Dr. Frank and some sixty delegates withdrew from the Congress, whereupon the rider was adopted. Bebel, who had not been present during the evening session, was greatly grieved when he learned what had taken place. Of course, the event was widely hailed as a "split" in the ranks of the party. That it came perilously near to a disastrous break in the solidarity of the party is freely admitted. Later Dr. Frank and his colleagues came back to the Congress and gracefully accepted the decision of the majority. The event proved to the world the strong sense of party loyalty and unity which dominates the German Social Democracy.

The Social Democracy and trade unionism: The industrial development of Germany was late in beginning and the first trade unions were not organized until the inception of the Socialist movement. From the very first the Marxist element favored the formation of workmen's associations (*Gewerkschaften*) and the Lassallean element from 1869. Thus the two movements have largely developed side by side, and there has never been the bitter misunderstanding and hostility which has marked the relations of the two movements in England, where the trade union movement was already well established when the modern Socialist movement appeared. The political party and the industrial organization are regarded as equal parts of one movement. This has given the Social Democracy a great advantage,

for the rapid industrial development of the country has forced a corresponding growth of the trade unions, and this in turn has meant a constant increase in Socialist strength. The great bulk of the trade unions of Germany are Socialistic in their sympathies. There are, however, some minor non-Socialist unions which are called "Yellow Unions" in contradistinction from the "Red Unions," which support the Social Democrats. The total trade union membership is about two and a half millions, two millions belonging to the "red" unions and half a million to the "yellow" unions.

Leaders of the Social Democracy: The foremost of the older political chiefs of the party was Wilhelm Liebknecht. A lineal descendant of Martin Luther, Liebknecht was born into the same educated middle class as Marx. As early as 1848, when he was twenty-two years of age, he became connected with the revolutionary movement, and was one of the group of exiles which gathered around Marx in London during the period of reaction. He was one of the founders of the Eisenach party, and one of those primarily responsible for bringing about the unity of the movement at Gotha. He was elected to the North German Diet in 1867, and was a member of that body and of the German Reichstag the greater part of his life from that time until his death in 1900. He served many terms of imprisonment for the cause he loved and served so well.

August Bebel, a master turner and largely self-educated, the present leader of the German party, has often been called the ablest parliamentary debater in Europe. After Liebknecht returned to Germany, in 1862, Bebel, who was already active in the trade union movement, but was not a Socialist, formed an acquaintance with him. In 1866 Bebel definitely allied himself with the Socialist movement of the time, and later became one of the founders of the Eisenach party. While admitting the influence of Liebknecht, Bebel himself says that he came to Marxism by way of Lassalle. He entered the Reichstag soon after the establishment of the Empire and is still an active member of that body.

The foremost theoretician of the party is Karl Kautsky. He is perhaps the foremost living authority upon Marxian Socialism. In some respects he is carrying on the work of Frederick Engels just as Engels carried on the work of Marx.

The older leaders of the German party are rapidly giving place to younger men, and there has been a noticeable increase in the proportion of leaders who have themselves come from the working class. There are two reasons for this: First of all, the proletariat is becoming more self-reliant and no longer has to depend upon middle-class "intellectuals" to the same extent as in earlier days. Secondly, class lines are being drawn more closely in German politics, and relatively fewer men of the type of Marx, Lassalle, and Liebknecht leave their class to cast their lot with the proletariat.

Among the noteworthy younger leaders of German Socialism may be mentioned Karl Legien, the leader of trade unionism, George Ledebour, a powerful orator and debater, Albert Südekum, the leading authority in Germany on municipal problems, and Herman Molkenbuhr, the present floor leader of the party in the Reichstag.

The women's movement: The party maintains a Social Democratic Women's Bureau for the purpose of carrying on special propaganda among proletarian women. There are at present (1911) 107,693 women who are dues-paying members of the party. Women take a very prominent part in the affairs of the party. The first National Women's Convention of the party was held in March, 1911, and was effective in emphasizing the party's strong support of woman suffrage. The best known of the women leaders of the party are Clara Zetkin, an able agitator and editor of *Die Gleichheit* ("Equality"), a paper which has 95,000 subscribers,[1] and Rosa Luxemburg, best known on account of her writings and speeches in support of the extreme Left of the party.

Much attention has been given to the juvenile movement. Until 1908 there were two central organizations of Young Socialists under the leadership of Karl Liebknecht, the son of Wilhelm Liebknecht. In that year a law was passed making such organizations illegal, but the party has found a way to maintain the essential features of the movement without formal organization.

Press, literature and education: The number of daily newspapers owned and controlled by the party has increased from 65 to 87 since 1907, and their combined circulation is

[1] Report to Jena Congress, 1911.

well over a million copies a day. These papers are published in fifty-seven printing establishments owned by the party. There are also many weeklies and monthlies. Germany takes the first place among the nations in the character and quantity of its Socialist literature, particularly in the field of theory. The work of the leading German writers has been translated into all European languages, and until very recent years was the chief literary support of the world movement. The party maintains a permanent school at Berlin for the training of writers and speakers, and carries on a very vigorous educational propaganda throughout the country.

(2) France

Foundations of French Socialism: As we have already seen France played a brilliant part in the earlier Utopian phases of the Socialist movement. Many writers have considered Socialism to be essentially French in its origin dating from the Encyclopedists, notably Rousseau, in whose works we do find some glimmerings of Socialist philosophy. Through Morelly and Mably these ideas were continued and developed down to the Revolutionary period, when the works of Boissel and Babeuf appeared. Then came Saint-Simon, Fourier, Cabet and Louis Blanc. The latter came nearest to modern Socialism but his work did not give rise to a permanent movement. After 1848 French radical thought was dominated for many years by the Anarchism of Proudhon and Blanqui, during which time Marxian Socialism hardly obtained a foothold in the land where Marx had first declared himself a Socialist.

The International Working Men's Association had been the outcome of the visit of French workingmen to London in 1862, and the organization was always numerically strong in France. But the French members were Anarchists rather than Socialists and always voted against collectivist proposals. M. de Molinari said in 1869 that out of every ten French workingmen who had any interests beyond eating and drinking, nine were Socialists, but he used the word Socialism to include all kinds of radicalism, especially the schools of Proudhon and Blanqui. The crushing defeat of the Paris

Commune, followed by the speedy disruption of the International, served to scatter still further the forces of the French proletariat. The Commune had no connection with Socialism, being simply a protest of Paris against the humiliating peace of 1871, and a demand for municipal autonomy. All the radical forces, including those represented in the International, joined in the movement, and all suffered from the punitive measures adopted by the government.

Rise of the new Socialism: During the first years of the Third Republic the chief centres of Socialist activity were small groups, called "Students' Circles," organized by Jules Guesde and Gabriel Deville. Guesde is one of the heroic figures of the international Socialist movement. A revolutionist from his youth, the first object of his attack was the Bonapartist Empire. He served six months in prison in 1865, when he was twenty years of age, and six years later led the republicans in the capture of Montpellier. Sentenced to exile or imprisonment for five years, Guesde chose exile and went to Geneva, where he came into touch with the Socialists. He soon joined a branch of the International and assisted in the establishment of a daily newspaper. Later he became a travelling agitator and went from town to town through Italy and Switzerland, preaching the gospel of Socialism with the ardor of a medieval religious zealot. Often hungry, homeless and ragged, he lived only for the "Cause." If he could get hold of one man in a town who manifested the slightest interest, Guesde rarely left him until he had won him over. In every town he would leave a small group of converts fired with something of his own enthusiasm. In 1876 he returned to France and immediately took up the work of Socialist propaganda. He established a paper, *L'Egalite*, wrote for other papers, and, in addition to this heavy labor, rushed from one end of France to the other, carrying on a restless propaganda and forming little Students' Circles everywhere. He did not as yet attempt to form a party. The time for that had not arrived. With rare genius and foresight he selected the promising young men in all the cities and awakened their personal interest. He was laying his foundations broad and deep.

In 1878 a trade union congress was held at Lyons. Guesde, who was a delegate to the congress, had already drawn

many of the younger leaders of the unions to his side, and an attempt was made to get the congress to indorse the principles and program of Marxian Socialism. In this they signally failed. But in the following year the Socialist program was adopted by a large majority at the trade union congress at Marseilles. The program was written by Guesde and Paul Lafargue, a son-in-law of Marx. In the following year, 1880, the Socialist delegates to the trade union congress at Havre were in a minority and were refused admission by the old and conservative leaders. Excluded from the regular congress, the Socialists met independently in a separate congress. So successful were they from that point onward that the conservative organization ceased to exist after holding one other poorly-attended congress in 1881. The new Socialist movement in France was now fairly launched.

Party dissensions: In 1882 the new party split into two parties. One party represented strict Marxism, and was headed by Guesde, Lafargue and Deville. The other party represented political opportunism, and was headed by Paul Brousse and Benoît Malon. The opportunists called the Marxists "Impossibilists" and themselves by contrast "Possibilists," and these terms are now largely used in Socialist controversy everywhere. In 1887 a partial reconciliation was effected, and the first Socialists were elected to the Chamber of Deputies. By 1891 the "Possibilists" had split into two groups, again over questions of tactics. There was still another considerable group of independent Socialists led by Jean Jaurès and Etienne Millerand and supported largely by middle-class radicals. If we add to these elements the semi-Anarchist Blanquists, we have five distinct elements in the French Socialist movement of the time.

The united parliamentary group: In 1893 the election of forty Socialists to the Chamber of Deputies, by a combined vote of nearly half a million, led to better feeling. Largely through the activity of Jaurès and Guesde the deputies of all the factions organized into a united parliamentary group, Jaurès being chosen as its leader. No better man could have been selected for the position. In 1885, at the age of twenty-six, while Professor of Philosophy at the *Ecole Normal Supérieure,* Jaurès was first elected to parliament

as a radical. He was defeated in 1889 and at once returned to his university work. His reputation as a scholar was already national. In 1893 he was again elected to parliament, this time as a Socialist. Since that time he has been the most striking figure in the French movement and one of the most striking in the political life of Europe. As an orator he has no peer in the parliaments of Europe. He is always in the forefront in parliamentary debates, is a tireless propagandist, and at the same time edits the leading Socialist daily newspaper in France, *L'Humanité*. In addition to all this work he manages to find time for scholastic work, and his collection of sources for the history of the French Revolution will form the basis of all future attempts to write the history of that period. He is also engaged in the preparation of a monumental history of Socialism.

The Dreyfus case: In 1898 the cordial relations between the various Socialist groups were interrupted by the Dreyfus affair. Guesde and his followers, the "Impossibilists," refused to have anything to do with the matter, but Jaurès actively espoused the cause of the accused Captain and conducted a brilliant parliamentary campaign which led to the reopening of the case and the ultimate exoneration of the victim. To add to the difficulty, M. Waldeck-Rousseau, when he became premier in 1899, made a bid for Socialist support by inviting Millerand to join his ministry. With the open support of Jaurès, Millerand accepted. This was too much for Guesde and his followers to tolerate, especially since the ministry of M. Waldeck-Rousseau included also General de Gallifet, who in 1871 had crushed the Commune with almost fiendish brutality. The followers of Guesde and Eduard Vaillant, a veteran Socialist who had also been a leader in the Commune, broke with the parliamentary group, and the members of the two factions became open enemies.

The reunion: The breach in the French party was the chief matter considered at the International Congress at Amsterdam in 1904. Nearly all the great orators of the party participated in the debate, but it is chiefly remembered as a great duel between Bebel, the strict Marxist, and Jaurès, the practical Revisionist. The victory rested with Bebel and the congress decided in favor of the position taken by

Guesde and Vaillant. Jaurès loyally submitted to the decision of the majority, and upon the return of the French delegates to France all the Socialist factions were merged into the "French Section of the Workers' International Party," with a Marxian program and a policy of strictly independent political action.

The Socialist vote: In spite of division, the Socialist vote has increased at every election. In 1887 it was 47,000. In 1893 it rose to 440,000. In 1906, the first year after the reunion, the vote was 877,999, and 54 deputies were elected. In 1910 the vote was 1,106,049, an increase of twenty per cent with a practically stationary population. Seventy-six deputies were elected, eighteen of them from the Department of the Seine, which includes Paris, and the remainder divided among 31 of the other 86 Departments of the Republic. The party elected two additional members in the Department of the Seine in 1911, making the parliamentary representation seventy-eight members. The party is represented in the Cantonal Councils by eighty-one General Councillors and sixty-three Arrondissment Councillors, and there are about 3,800 members of the United Socialist Party in municipal councils. A large number of important cities are controlled by the Socialists.

The large "Radical Socialist" party in France is not really Socialist at all, but corresponds more nearly to the "insurgent" wings of the two dominant parties in the United States. MM. Briand and Viviani, who entered the Clemenceau ministry in 1907, Briand afterward becoming Premier, are no longer recognized as Socialists, although both were formerly prominent members of the party. Viviani had ceased to be a member of the party long before he accepted his portfolio in M. Clemenceau's cabinet, while Briand was immediately expelled by the party.

(3) Austria

The early movement: The first Austrian Socialist organizations formed a part of the German movement. The Austrians had been represented in the Eisenach Congress in 1869 and were active participants in the International.

When the German Empire was formed the Austrian Socialists were cut adrift from their German comrades, and the movement went through a long period of depression. Austria was slower in industrial development than Germany, and the difficulties of propaganda were increased by the differences of nationality and language within the Empire. Agitation had to be carried on in seven or eight languages and racial and national jealousies prevented effective organization. Then, too, the Anarchist element was relatively strong and the energies of the Socialists were largely absorbed in the struggle against Anarchism.

The turning point of the movement was at the Congress of 1888, held at Hainsfeld, near Vienna. At this congress the Anarchists were routed and a unified party formed with separate autonomous divisions. The first task of the new party was to work for universal and equal suffrage. Under the old law the electorate was divided into four classes: (1) The aristocracy and high clergy; (2) the great capitalists; (3) the middle class in cities; (4) the peasant proprietors. Each class was entitled to a certain proportion of the 353 members of the Reichstag. The first victory of the Socialist agitation was the creation of a new electoral class or curia, consisting of the proletariat, entitled to elect 72 additional deputies. The first election under the new law was held in 1897 and resulted in a vote of nearly 750,000 for the Socialists and the election of fifteen Socialist deputies, seven of these coming from Bohemia.

The later movement: The agitation for universal and equal suffrage continued, and fear of a revolution caused the government to grant, in January, 1907, equal suffrage to all men over the age of twenty-four. In the elections held under the new law the following May the Socialists polled 1,041,948 votes and elected 87 deputies. Of these, fifty were Germans, twenty-four were Czechs, six were Poles, five were Italians and two were Ruthenians. The so-called "Christian Socialist Party" of Austria is a Catholic party, bitterly opposed to the whole Social Democratic movement.

The best-known leader of the Austrian Social Democratic Party is Victor Adler, a physician who gave up his profession to engage in Socialist journalism and politics. Adler is not merely one of the greatest scholars of the international

movement. He is also one of its best organizers, and as a parliamentary leader has few equals. Even his most bitter political enemies admit that Adler is the ablest leader in the Austrian parliament.

(4) Belgium

The political movement: The first definite political organization of the Belgian proletariat was formed in 1885. Its primary object was to unite the workers against the capitalist despotism which in the "Workshop of Europe" is perhaps more absolute than anywhere else in the world. The Congress of 1885, held at Brussels, was not interested in theories, and although the program adopted by it was essentially Socialist, the word was not used and the organization took the name Belgian Labor Party. After eight years of agitation ending in a political strike involving 250,000 men, the government granted a constitutional amendment which gave a limited suffrage to the working class, which had heretofore been wholly without political power. In the first election held under the new law the Socialists polled 345,959 votes and elected twenty-nine deputies. The government replied by a new electoral law raising the voting age to thirty years, requiring a local residence of three years, establishing a more rigid class electoral system and giving four votes each to the richest class. In spite of these obstacles, the party in 1895 obtained representation in 288 municipal councils, with a majority of the members in seventy-eight. In the partial elections for parliament in 1896 the party vote in the districts where elections were held was more than doubled, although no new seats were gained.

The growth in voting strength since 1906 has been slow, but the party itself is in a much stronger position than ever before. With a total population of only seven millions, the Socialist vote in 1910 was 483,241. The party now has thirty-five deputies, twenty-one per cent of the total number, and seven senators in the Belgian parliament, giving them second place in relative parliamentary representation among the Socialist parties of the world, and this in spite of the unequal franchise law. In addition the party has now 850 representatives in municipal councils.

Leaders: Belgian Socialists were very prominent in the International. Cæsar de Paepe, a friend of Marx and an indefatigable agitator, was one of the moving spirits in the International and one of its ablest leaders. After the death of the International he directed his energies for many years to the hopeless task of bringing about harmony between the followers of Proudhon and Marxists like himself. Fortunately, he was able to participate in the formation of the new party in 1885, though he narrowly escaped being excluded from the congress, so weary were the delegates of the long years of fruitless controversy over matters of dogma and theory. To the congress of 1890 the old man addressed a letter warning the members of the party to preserve unity above all things, to keep the party broad enough to permit of the extreme radical and the opportunist working side by side, each in his own way. Soon after that he died in the south of France. Since the death of Jean Volders and Cæsar de Paepe the foremost leaders of the party have been Eduard Anseele, head of the great Coöperatives, Emile Vandervelde, the parliamentary leader in the Chamber of Deputies and the party's leading theoretician, and Camille Huysmans, who is the permanent secretary of the International Socialist Bureau.

The Coöperatives: The most distinctive feature of the Belgian movement is the degree to which it has developed coöperative production and distribution. In 1879 Anseele, then a printer in Ghent, founded in that city the "Vooruit," a workingmen's coöperative club to which was attached a small bakery. The movement thus begun spread rapidly, and extended to all the important towns of Belgium. Ghent now has a large club in the best part of the city with a department store and a café, all directly owned and operated by the members of the "Vooruit." The Maison du Peuple in Brussels is a magnificent building where most of the important party congresses are now held. In addition to coöperative stores, bakeries and restaurants, the coöperative plan has been successfully extended to brewing and cigar-making establishments, boot and shoe factories, printing shops, cotton mills and dairies. In December, 1909, there were 174 coöperative societies with 140,730 members organized into a national federation. The annual sales of the

coöperative distributive stores amounted to $7,846,484 with profits to the coöperators of $744,101. The party is largely financed by its coöperative associations.

(5) Italy

Formation of the Italian party: The Italian sections of the old International, like those of Spain, were largely controlled by Bakunin. From the beginning, therefore, the Anarchists were relatively strong in Italy, and that fact made the progress of Marxian Socialism rather slow. In 1878 the attempt of an Anarchist to assassinate the King gave the government a sufficient pretext for initiating a policy of repression directed equally against the Anarchists and the Socialists, although the latter were in no manner concerned in the mad act of Passanante, and had completely severed connections with the Anarchists in 1877. Forbidden to carry on an open agitation, and prevented from holding their national congress in 1880, and otherwise hindered, the various existing Socialist groups temporarily adopted a new line of policy. Dropping the propaganda of Socialism, they commenced an agitation for universal suffrage, joining forces with all the non-Socialist elements who were in favor of that reform. By 1881 this movement had grown so formidable that twelve hundred societies sent delegates to a great national congress held at Rome, under the presidency of Garibaldi. The government now felt it prudent to yield to the demand, at least in part, and a franchise bill was quickly passed. Full of restrictions, the measure nevertheless greatly extended the suffrage.

Then the various Socialist groups once more asserted their real purpose and united for the campaign, as there was as yet no national party. Thirteen candidates were put forward, two of whom were elected. The thirteen Socialist candidates received about 50,000 votes, four per cent of the total vote cast. One of the two Socialists elected was Andrea Costa, who in his early days had been a leading Anarchist but had broken with Anarchism and become one of the most brilliant and active of the Socialists. Encouraged by the success of their first electoral experiment, the Italian Social-

ists formed a national Socialist party in 1885, but it made little headway and led a very precarious existence. Police persecutions and internal dissensions reduced it to impotence. A fresh start was made in 1892, when the present Socialist Party was formed. Since that time, despite numerous factional quarrels, the movement in Italy has made steady progress.

Different elements in the party: The new movement owed much of the success of its inception to the work of Philip Turati, an able lawyer and editor, who has continued to be the leader of the moderate wing of the party, the "Reformists" as they are called in Italy. Opposed to the Reformists are the "Syndicalists," led by Arturo Labriola and others. The Syndicalists lay their chief emphasis upon "direct action," especially the action of the labor unions. They regard political action as of very minor importance, not infrequently adopting the attitude of the Anarchists in repudiating it altogether as a game of compromise and deceit. They expect to win by means of a general strike of the workers rather than as a result of parliamentary action. Between these two factions stand the Integralists, who conform in general to the accepted tactics and theories of Marxian Socialism.

At the party congress of 1908, an agreement was entered into between the Reformists and the Integralists and this received the support of about two-thirds of the entire party membership. At the same congress the Syndicalists definitely broke with the other factions and left the party. This schism, the destruction of the party organizations in Messina and Reggio by the earthquake of 1908, and a generally falling off occasioned by the considerable increase of party dues, led to the decrease of the party membership from 43,000 to 30,000. In the elections of 1909, however, the party representation in parliament was increased from twenty-five members to thirty-nine and the vote rose to 338,885.

The movement in Italy is greatly hampered by the illiteracy of a large part of the working class, and the fact that only seven per cent of the population enjoys the right of suffrage. As a result the movement is largely dominated by middle class "intellectuals" with relatively few working-

class leaders. Probably in no other country of the world has such a large proportion of scientists and literary men of eminence joined the party. But in Italy as elsewhere the voting strength comes mainly from the working class.

(6) Great Britain

Introductory: Although England was the first modern industrial country, and the home of the great Owenite and Chartist movements, it was relatively late in forming a distinctively Socialist party. The International had been organized in England and had exercised a great influence in bringing the British trade unions together and into closer touch with the working-class organizations of Continental Europe. It had been especially helpful in bringing the unions into the active agitation for the extension of the suffrage. But the International was too completely dominated by Marx and his associates ever to become recognized as being other than a foreign movement which the insular British mind regarded with a good deal of suspicion. When the end came the International had been completely discredited by its connection in the popular mind with the Paris Commune, of which such terrible stories were told. That the International really had very slight connection with the Commune was not then generally known. For many years after its decline and fall the unions were left suspicious of Socialism, and the movement was confined to a few foreigners, mostly Germans, in London.

Rise of social democracy: After the extension of the franchise in 1867 it became increasingly evident that the mere possession of political power did not of itself suffice to cure the social ills which all deplored, and by 1880 all sections of radical thought in England were ripe for Socialist agitation and organization and propaganda. The Irish Land League had won an immense amount of popular support, which was increased by the opposition of Mr. Gladstone's ministry in 1880, the first year of his second term as Prime Minister. Gladstone's Egyptian policy still further intensified the breach between the radical elements of Great Britain and the Liberal Party. Then came the influence

of Henry George, whose book, *Progress and Poverty*, had an enormous circulation in all parts of Great Britain and Ireland. Believers in George's theories formed little local groups and in many cases went much farther than George and became thorough-going Socialists.

The time was ripe, therefore, for the formation of a definite Socialist body when, in March, 1881, the Democratic Federation was formed. The moving spirit of the new organization was Mr. Henry M. Hyndman, a graduate of Trinity College, Cambridge, a brilliant scholar and journalist, and a friend of the great Italian revolutionist, Mazzini. Since that time Mr. Hyndman has been the acknowledged leader of Marxian Socialism in England. It is worthy of note that at the organization meeting of the Democratic Federation the presiding officer was the man who presided at the foundation of the old International, Professor E. S. Beesly. To all the delegates assembled, Mr. Hyndman presented copies of his little book, *England for All*, the first attempt to popularize Marxian theories in English. The Democratic Federation was from the first essentially a Socialist body, though the only specifically Socialist proposal in its program was the "nationalization of the land," which was placed ninth on the list of specific reforms. This was not borrowed from Henry George as is commonly supposed. It had long been one of the proposals of English democratic leaders and movements. Bronterre O'Brien, greatest of the Chartist leaders, and the first to call himself a Social Democrat, was a vigorous advocate of land nationalization. The idea was promulgated long before O'Brien even by Thomas Spence, as far back as 1775. In 1883 the name of the organization was changed to Social Democratic Federation, and a more definitely Socialist program was adopted. Among the early members of the Federation were William Morris, the great artist and poet; Herbert Burrows, a well-known theosophist; E. Belfort Bax, historian and philosopher; Helen Taylor, step-daughter of John Stuart Mill; Annie Besant, the most famous woman orator in England; Edward Aveling, a brilliant and versatile scholar, and his wife, Eleanor, youngest daughter of Karl Marx; Edward Carpenter, author and educator; John Burns and Tom Mann, two of the most effective of English trade union leaders.

In December, 1884, Morris, Bax, the Avelings and a number of others withdrew from the Social Democratic Federation and founded the Socialist League. The grounds of the secession were mainly personal, though it developed into an important difference of viewpoint. Morris and his followers relied upon educational propaganda mainly and ignored political action, while the Federation under the leadership of Mr. Hyndman was from the very first pledged to the task of developing a Socialist political party. The Federation organ, *Justice*, and the League organ, *The Commonweal*, indulged in bitter controversies. Quite naturally, the anti-parliamentary attitude of the Socialist League attracted the Anarchists to it, and Morris and the others who had seceded from the Federation soon resigned from the League. All of them except Morris returned to the older organization, Morris himself acknowledging that in the original controversy Mr. Hyndman had been right. While he did not rejoin the Federation, Morris contributed to its funds, spoke at its meetings and supported the parliamentary candidature of Mr. Hyndman.

The growth of the Federation was very slow. It was regarded with distrust by Frederick Engels and his immediate associates, so that it did not include in its membership all the avowed Marxists living in England. On the other hand, it was too Marxian in the theoretical and dogmatic sense to make a successful appeal to the British working classes. The Federation did not understand the trade union movement, notwithstanding the successful work among the unions of men like Mann and Burns. The Federation tried to act as the schoolmaster of the unions, and when its policy was not adopted frequently attacked the union leaders. In addition to this antagonism of the organized workers the Federation frequently antagonized the religious elements among the working class, especially the non-conformists, through the outspoken attack of some of its leaders upon Christianity.

The Independent Labor Party: But the vigorous propaganda carried on by the Social Democratic Federation was not barren of results. It laid the foundations for a new movement. In January, 1893, a conference was held at Bradford in fulfillment of an understanding arrived at

during the Trade Union Congress of the previous autumn. The moving spirit in the organization of the conference was Mr. J. Keir Hardie, a Scotch miner and labor leader who since 1887 had been publishing a labor paper, and had recently been elected to Parliament. At this conference the Independent Labor Party was formed. It was from the first frankly Socialist in aim, although its Socialism was crude and based upon an instinctive sense of justice rather than upon a basis of well-reasoned theory. The new party grew rapidly, attracting many discontented members of the Liberal Party, a large number of trade unionists and a great many men and women members of the non-conformist religious bodies who had been repelled by the Federation. Many of its propagandists were lay preachers in the Methodist and other non-conformist churches, and they brought to the propaganda of Socialism a religious fervor and spiritual point of view which proved very effective. It was quite common at one time for meetings of the party to be held in churches and opened with singing and prayer. Frederick Engels gave the new party his blessing and joined it, though he never took any part in its propaganda. Concerning the labor movement which found its effective expression in the Independent Labor Party, Engels wrote in 1892: "It moves now and then with an over-cautious mistrust of the name of Socialism, while it gradually absorbs the substance." Engels on various occasions wrote sneeringly of the sectarianism and dogmatism of the Social Democratic Federation. In 1895 the Independent Labor Party participated in the general elections, but fared rather badly, even Keir Hardie losing his seat at South-West Ham.

The labor representation committee: At the Trade Union Congress of 1899 a committee was organized for the purpose of bringing together the trade unions, Socialist organizations and coöperative societies in a common effort to gain representation in Parliament. This action was a natural development out of the long-felt need for the unity of the working class movement, but it was undoubtedly hastened by the decision of the courts in the famous Taff Vale Railway Case, which compelled the railway workers' union to pay the Taff Vale Railway Company about $115,000 damages for the loss sustained by the company as a result of a strike organ-

ized by the union. This decision strongly emphasized the need for united and independent political action.

Except for a few Scottish societies, the coöperative societies did not take up the new movement with enthusiasm, but the Independent Labor Party, the Social Democratic Federation and the Fabian Society joined it, and the trade unions came in very rapidly. The Social Democratic Federation soon withdrew when it failed to persuade the committee to adopt a definitely Socialist program.

The parliamentary election of 1900 was suddenly sprung upon the country in the midst of the Boer War and the Labor Representation Committee was not well prepared either with money or suitable candidates, but the average labor vote increased from 1,500 to 4,000, and Richard Bell, leader of the railway workers' union, and Keir Hardie were elected. The first real test of the strength of this coalition came in 1906 when the Committee ran fifty candidates for Parliament, of whom thirty were elected.

The Labor Party: In 1906 the name of the organization was changed to the Labor Party. This involved no other material change, and the Labor Party is, therefore, not so much a distinct and separate party as a union of various working class elements for political campaign purposes in which there are both Socialist and non-Socialist elements. The Independent Labor Party retains its own autonomous organization, and its own Socialist platform. While the Labor Party adopts the nominees of the Independent Labor Party, it also puts forward candidates who are not by any means Socialists, some of them being Liberals of the old school, quite opposed to Socialism. This arrangement makes it very difficult for the outsider to understand British Socialism.

One of the chief problems of British Socialism arises out of this alliance with the trade unions in the Labor Party. So long as the nominees of the Labor Party are Socialists, or even men who are regarded as being quite near to Socialism, it is comparatively easy to get the rank and file of the Socialists to support them. When, however, trade union leaders of the old type, generally Liberals and opposed to Socialism, are nominated, a great deal of dissatisfaction is expressed by the Socialist rank and file. The difference has

frequently manifested itself in Parliament, the Labor Party men voting differently according to their political persuasion. This latter fact has done much to weaken confidence in the permanence of the Labor Party. The Social Democratic Party—the word Federation was changed to Party in 1907—is not affiliated with the Labor Party. Many of its prominent members are affiliated with it, however, through their respective trade unions, and one of the most prominent representatives of the Labor Party in the House of Commons, William Thorne, has for many years been one of the leaders of the Social Democratic Party. In some cases branches of the Social Democratic Party have joined the Labor Party.

In the elections of January, 1910, the Labor and Socialist parties put forward seventy-eight candidates, of whom forty were elected. In the seventy-eight constituencies in which candidates were put forward the total Labor and Socialist vote was 505,690. In the elections of the following December the number of candidates put forward by the Labor and Socialist parties was fifty-six, of whom forty-two were elected. Of these, eight were elected directly by the Independent Labor Party, acting alone and without alliance with the Labor Party. Fifteen other members of the Independent Labor Party were elected as nominees of the Labor Party. One member of the Social Democratic Party was elected by the Labor Party, making a total of twenty-four avowed Socialists. Four of these belonged also to the Fabian Society. In local elections the various Socialist bodies and the trades unions frequently unite. The report of the International Socialist Bureau to the Copenhagen Congress, in 1910, gave the number of Socialist representatives upon local governing bodies at that time as 1,126.

The Fabian Society: An important and peculiar feature of the Socialist movement in Great Britain is the Fabian Society, an organization formed in 1884 by a brilliant group of middle-class men and women for the purpose of permeating other organizations with Socialist ideas. It was not intended to be, and never has been, a political party. Many of its members are Liberals and in the elections of 1910 of the eight members of the Fabian Society elected to Parliament four were elected as Liberals. Among the early members of the society were George Bernard Shaw, then a struggling

young author, little known outside of a small circle of radicals; Sidney Webb, economist and author; Beatrice Potter, who had been secretary to Herbert Spencer, and who later became Mrs. Sidney Webb; Mrs. Annie Besant; Hubert Bland, a radical journalist, and Sidney Olivier, now Governor of Jamaica.

The society has never tried to attract a large membership. Its greatest contribution to the Socialist movement has been in the educational field. The remarkable series of Fabian Essays, and, later, the Fabian Tracts, have been of immense service to the movement. The latter may be divided into three principal groups. The first group consists of small pamphlets which deal with Socialism in general, popular expositions from different points of view. The second group consists of popular studies, written by experts, dealing with the relation of Socialism to special problems, such as the liquor problem, poverty and old age, and so on. The third group consists of popular expositions of the laws as they relate to special subjects, such as public health, for example, and statements of what may be done and how it must be done. These "tracts" are sold by the thousand at a penny each and have done an immense amount of good in educating the working class leaders and fitting them to do efficient service upon public bodies.

The Fabian Society is not a Marxian organization. It does not accept Marx's theories. Long before the rise of the Revisionist movement in Germany, the Fabians were Revisionists, and it is probable that Bernstein, who resided in London during many years and came into close association with the Fabians, was largely influenced by the Fabian point of view. The most important political work of the Fabian Society has been in connection with the administration of the London County Council. In 1910 the Society for the first time in its history put forward two parliamentary candidates, neither of whom was elected, however.

The movement for Socialist unity: For some years past there has been a constant agitation for the union of the Socialist forces of Great Britain, and prominent Socialists like Walter Crane, the artist, who is a member of the Social Democratic Party, have done much to promote the movement for Socialist unity. When the Independent Labor

Party was young and struggling the Social Democratic Federation regarded it rather contemptuously, meeting all advances of the Independent Labor Party with the declaration that its attitude toward that body was one of "benevolent neutrality." But as the new party grew and developed self-sufficiency, producing a literature of its own, and drawing by far the largest number of workers to its ranks, the desire for union with the older organization was less acutely felt. At the end of 1911, the Social Democratic Party joined with several small local Socialist bodies, and a few branches of the Independent Labor Party, adopting the name, British Socialist Party. The new party is little more than the Social Democratic Party under another name.

(7) The United States

The Utopian period: The free land and the political democracy of America led to its choice as the field for nearly all the great Utopian experiments. Altogether over four hundred such colonies were established in the United States, most of them in the period from 1825 to 1850. The movement was essentially exotic, although in Albert Brisbane, America produced one of the ablest propagandists of Fourierism, and the *New York Tribune* under Horace Greeley gave a great deal of support to the movement. The famous Brook Farm experiment, notwithstanding the support of such intellectual celebrities as Emerson, Ripley, Hawthorne, the Channings, Thoreau and Margaret Fuller, was without any great social significance. The movement as a whole was never in any sense a political movement. Many of the members of the Fourierist phalanxes belonged to the Free Soil Party, and three of the members of the Wisconsin phalanx represented that party in the State Senate, but there was no affiliation of the movement as such to any political party.

The Utopian movement inevitably had an effect upon the later Socialist movement. In the first place, many of those who came into the movement in the late sixties and early seventies of the last century had been connected more or less directly with the various Utopian experiments, and brought some of their Utopianism into the new movement. Far more important than this fact, however, was the fact

that the Utopian experiments had been so universally regarded as examples of Socialism in practice that it took an unusually long time to make the American people regard it as a political movement having nothing in common with Communism in general and sex-communism in particular. Fostered by Bellamy's *Looking Backward*, Utopian ideas were uppermost in the minds of many American Socialists as lately as 1897, when the newly organized "Social Democracy of America" seriously contemplated the colonization of one of the Western States, and the establishment there of a coöperative commonwealth.

The German period: The reasons which led to the selection of the United States as the country in which to make the greatest experiments with Fourierism, Owenism and similar Utopian movements operated to bring hither many of the European revolutionists who, finding it necessary to leave Europe, found the democratic institutions of America and the inducement of very cheap land attractive. Thus the newer Socialism appeared in the United States almost as early as in Europe itself. Weitling, whom we have considered as linking the Utopian and Marxian movements, came to the United States in 1846 and started the *Volkstribun*, a weekly newspaper for the advocacy of Socialism. The revolutionary agitation in Europe soon called him back, however, and he participated in the uprisings of 1848, returning almost immediately to the United States. In 1850 he established another paper, *Die Republik der Arbeiter*, and in October of the same year organized a national convention, which met at Philadelphia. Forty-two organizations of German workingmen were represented at the convention, their aggregate membership being about 4,400. Many of these members were exiles who had fled from Germany after the failure of the Revolution of 1848. The subjects discussed at the convention included labor exchange banks, political party organization, education, propaganda, and the general subject of communist colonies, a program which reflects the curious mixture of old and new ideas then prevailing.

For the next twenty-five years Socialist discussion was confined almost entirely to German immigrants. The German athletic associations, the *Turnvereine*, were always

centres of Socialist activity, and the German trade unions generally favored Socialism and independent working class action. In 1868 the Social Party of New York and Vicinity conducted a campaign upon a platform resembling that of the International in many respects, and polled a very insignificant vote. The more active and aggressive members of this party formed, immediately after the election, the General German Workingmen's Association, which in February, 1869, became a section of the International, known as Section One of New York. Other sections were rapidly organized, and by 1872 Marx realized that his main strength was not in Europe, but in North America, hence the decision to remove the headquarters of the International to New York.

The Socialist Labor Party: Following the crisis of 1873, and the consequent business depression, small Socialist parties were formed in New York, Chicago, and Cincinnati, chiefly among German workingmen, and in 1876, one week after the disbanding of the International, representatives of these parties met in Philadelphia and organized the Workingmen's Party of the United States, with a Marxist program. In 1877 the party name was changed to Socialist Labor Party of North America.

The movement was still a transplanted German party. Its members were not familiar with American conditions. Consequently, the party failed to gain a foothold in the American trade unions or to attract any permanent American followers in its political campaigns. The American mind did not readily grasp the abstract theoretical points which the Germans were fond of discussing, and the Germans neither understood nor cared about the special political problems which were uppermost in the American mind. The radical elements in the United States were too much absorbed in the Greenback, Single Tax and Populist movements to listen to discussions of surplus-value and the materialistic conception of history.

In 1880, after the Greenback Party had come into closer touch with the labor movement, the Socialist Labor Party decided to support the Greenback candidates. Immediately after the presidential election the alliance was dissolved, the Socialists being profoundly dissatisfied with the tactics of their Greenback allies. The only other alliance with non-

Socialists ever made by the Socialist Labor Party, if we except a few isolated local instances, was in 1886 when the party joined with the United Labor Party in the nomination of Henry George for mayor of New York.

Conflict with the Anarchists: The energies of the Socialist Labor Party for the first ten years of its existence were largely devoted to a struggle with the growing Anarchist movement, which was likewise transplanted from Europe. The Anarchists found a leader in John Most, an expelled member of the German Social Democracy, who came to the United States in 1882 after serving sixteen months in an English prison. Most started a vigorous Anarchist campaign, and found it easy to persuade many of the discouraged German workingmen that political action was hopeless in America. He made many converts among the Socialists and two of the party papers went over to the Anarchists. The party was so weakened that all except two of the party papers were forced to suspend publication. By 1884, however, the party had begun to recover its lost strength and in the next two years doubled the number of its local organizations. Then came the riot in Chicago and the execution of the Anarchist leaders, an event which Socialists in common with many non-Socialists have always regarded as judicial murder. Anarchism in the United States never recovered from that catastrophe, and the field was thereafter relatively free for Socialist propaganda and growth. In 1892 the Socialist Labor Party nominated Simon Wing for president of the United States and Charles H. Matchett for vice-president, the ticket polling 21,512 votes in six States. In 1896 the vote increased to 36,275, and in the Congressional elections of 1898 the Socialist Labor Party reached its maximum voting strength with 82,204 votes.

The Socialist Labor Party and the trade unions: Beginning in 1881 the Socialists for several years made desperate efforts to obtain control of the Knights of Labor, but without success. When the American Federation of Labor was formed in 1886 the capture of that organization was similarly attempted. The theory of the Socialist Labor Party was that the trade union represented a less developed form of class consciousness than the political organization. That the workers were organized into unions was a good thing,

a sign that they were in some degree class conscious, but they needed to be taught the necessary shortcomings of trade unionism, the insufficiency of their aims, and the superiority of the Socialist method of political action. They attempted to get the unions to endorse the candidates of the Socialist Labor Party and even to make acceptance of Socialist principles a condition of membership. Naturally, the leaders of the unions, who were aiming to unite all workers, regardless of party or creed, vigorously opposed these attempts, with the result that bitter hostility developed between the two wings of the working class movement. Matters reached a climax when, in 1896, under the leadership of Daniel De Leon, the Socialist Labor Party started a rival organization to the American Federation of Labor, called the Socialist Trade and Labor Alliance. This body by its bitter opposition to the trade union movement made it practically impossible for a responsible union member to become a Socialist, and developed in the minds of the active trade unionists a contempt for Socialism which has not yet wholly disappeared. After a brief existence, during which time it demonstrated the folly of attempting to base trade unionism upon political beliefs and affiliations, the Socialist Trade and Labor Alliance died.

The majority of the members of the Socialist Labor Party was never in favor of these tactics. Those who opposed them, however, were suppressed and expelled. Whole sections were either suspended for long periods or expelled by a highly centralized executive. Lucien Sanial aptly characterized this period as "a burlesque Reign of Terror." Many of the foremost leaders in the Socialist Party of to-day were expelled from the Socialist Labor Party for opposing its policy toward the unions—some of them being expelled after they had voluntarily resigned in despair or disgust.

Then came revolt. In New York the opposition to De Leon grew and he and his supporters were ousted from office and their successors elected. But De Leon and his associates refused to submit to the majority and a split occurred. There were now two parties, each claiming to be the Socialist Labor Party, each having an official organ called *The People*, and each spending most of its time denouncing the other.

Never at any time has the Socialist movement been dragged so low as it was in the United States during this period.

Formation of the Socialist Party: In the meantime a new movement had started in the West. It was at first inclined toward Utopianism and the colonization of some Western States was seriously advocated. In 1898 a large part of the membership abandoned this idea and, under the leadership of Eugene V. Debs and Victor L. Berger, organized the Social Democratic Party of America. The party grew rapidly and in 1899 elected two members to the Massachusetts Legislature, the mayors of Haverhill and Brockton in that State, and a number of local officials in Wisconsin.

Both the factions which claimed to be the Socialist Labor Party nominated candidates at the presidential election in 1900, but the anti-De Leon faction at once made overtures to the Social Democratic Party, looking to the union of the two bodies. A joint committee decided upon terms of union and the nomination of Eugene V. Debs of the Social Democratic Party for president and Job Harriman of the Socialist Labor Party for vice-president. This agreement was rejected by the members of the former party by a narrow margin, and an embarrassing situation was the result. However, a temporary agreement was made and both bodies supported the candidature of Debs and Harriman, the De Leon wing of the Socialist Labor Party nominating Joseph F. Malloney and Val. Remmel. The vote for Debs and Harriman was 97,730, more than the Socialist Labor Party had ever polled. The vote of the Socialist Labor Party fell to 39,739. In 1901 the elements which had united in nominating Debs and Harriman held a unity convention and established the present Socialist Party.

Recent developments: The Socialist party more than doubled its membership in the first three years of its existence, and in 1904 it polled 402,321 votes. The vote was undoubtedly much larger than the real voting strength of the party, a great many Democratic voters having voted the Socialist ticket merely as a protest against the selection of a conservative candidate by their own party. The membership of the party again more than doubled from 1904 to 1908, and the party vote of 424,483 in the latter year was a more reliable measure of its dependable voting strength. The

vote of the Socialist Labor Party in the same year fell to 13,825. In 1910 the Socialist Party elected thirty mayors, the most important of these being the mayor of Milwaukee, in which city the Socialists elected a majority of the city council. The vote in the Congressional elections rose to 604,756 and Victor L. Berger was elected to the House of Representatives, being the first Socialist to enter Congress. The party also succeeded in electing twelve representatives and two senators to the Wisconsin State Legislature, and one representative each in Massachusetts, Pennsylvania, Minnesota and North Dakota. The party membership increased from 41,000 in 1908 to 110,000 at the end of 1911, a gain which is in many respects more significant than the increased vote.[1]

Party organization: The unit of organization in the Socialist Party is the "Local," composed of five or more dues-paying members. Once a local has been formed membership in the party is obtained only by vote of its members and the applicant must sign a pledge declaring acceptance of the party's program and principles and the fact that the applicant has severed all connections with other political parties. The locals are united into State organizations, which are in turn united into a national organization. The affairs of the national party are administered by a national committee, composed of State representatives elected by the members in the various states, and a national executive committee. All the acts of these committees are subject to party referendum upon the demand of a small percentage of the members.

The financial support of the party is derived from the monthly "dues" of its members, supplemented by voluntary contributions. The monthly membership fee differs in various parts of the country, but twenty-five cents per month is the usual fee. This is automatically divided among the national, state, and local organizations by means of a system of dues stamps. These are issued by the national executive committee and sold to the state committees, the amount so derived maintaining the national organization.

[1] In the local elections of November, 1911, a number of Socialist mayors were elected and Socialist representatives chosen in New York and Rhode Island.

The stamps are then sold by the state committees to the local organizations at a profit, and by the local organizations to the members are a further profit. The national state and local organizations are thus each assured of financial support.

The Socialist Party and the trade unions: As we have seen, before the rise of the present Socialist Party the trade union movement had been largely alienated from the Socialist movement as a result of the tactics adopted by the Socialist Labor Party. The attitude of the Socialist Party toward the unions was clearly defined by the national convention of the party in 1908, and again in 1910 at the special congress of the party:

"The Socialist Party does not seek to dictate to organized labor in matters of internal organization and union policy. It recognizes the necessary autonomy of the union movement on the economic field, as it insists on maintaining its own autonomy on the political field. It is confident that in the school of experience organized labor will as rapidly as possible develop the most effective forms of organization and methods of action. . . . It finds reason to hope for closer solidarity on the economic field and for more effective coöperation between organized labor and the Socialist Party, the two wings of the movement for working class emancipation."[1]

The adoption of this policy, and the consequent abandonment of attempts to "capture" the American Federation of Labor, have resulted in bringing about a much better understanding between the party and the trade unions. But the Socialist Party in the United States, like most of the European parties, has its right and left wings, its "Revolutionists" on the one hand and its "Opportunists" on the other. The former element tends toward Syndicalism, and to the advocacy of the general strike as a better method of class warfare than political action. The conflict between these two elements of the party is largely centred upon the question of the relation of the party to the trade unions. The dominant majority, following the tactics of Marx and the German Social Democrats, seeks to obtain the friendship

[1] *Proceedings National Convention Socialist Party*, 1908, p. 95; *Proceedings National Congress*, 1910, pp. 277–289.

and coöperation of the American Federation of Labor and its affiliated unions. The "revolutionary minority," on the other hand, refuses to recognize the trade unions as forming an equal part of the general movement of the working class, the "other arm" of the fighting proletariat, and demands that the party shall do its best to force the unions to give up their present policies and change their form of organization. The outcome of this controversy cannot at this time be predicted.

The movement among women: The Socialist Party has always admitted women to membership upon equal terms with men, and many women hold prominent positions in the party. At the convention of 1908 a National Women's Committee was established by the party to take charge of the special propaganda work among women.

Press, literature and education: The party press is not owned directly by the party, as in Germany and some other countries. The fear of placing too much power in the hands of an official body has operated thus far to cause the defeat of all propositions looking to the establishment of party-owned papers. There are about two hundred Socialist papers and magazines, a majority of them owned by coöperative associations of Socialist party members, a few by State and local organizations, the others by individuals.

The literature of the movement has shown an enormous improvement during the ten years of the party's existence, and in extent and importance takes rank with the literature of almost any other country with the exception of Germany. The works of American Socialist writers are translated into other languages and widely read.

The party carries on an almost incredible amount of educational work by means of travelling lecturers and the distribution of millions of pamphlets and books each year. "Study Courses" are furnished to the local organizations and in this way thousands of members are induced to make a systematic study of Socialist theory.

Allied Socialist organizations: Closely allied to the Socialist Party, though not directly affiliated with it, are the Young People's Socialist Leagues and the Socialist Sunday-schools. The former are organizations of young people between the ages of fifteen and twenty. They combine

recreation and social features with the study of Socialism by means of debates, lectures and reading. In general they are patterned after the German organizations of young people and are favored by the party. On the other hand, the Sunday-schools, for young children, are regarded with some suspicion. As Mr. Hillquit said at the 1910 Congress, "The mind of the child is too sacred to be made the object of rough experiments, and Socialist Sunday-schools conducted with insufficient skill or method often do more harm than good."[1] The Sunday-schools are generally carried on by individuals or local committees. The party as a whole has never approved them.

Among the larger schools conducted in the interest of the Socialist movement, the Rand School of Social Science in New York City is the most efficient and the most important. The Intercollegiate Socialist Society is a society for the promotion of an intelligent study of Socialism. It is not, therefore, committed to the advocacy of Socialism. Prominent non-Socialists have always been closely identified with it. At the end of 1911 the society had "study chapters" in thirty-eight American colleges and universities.

(8) Russia

Difficulties: The Socialist movement in Russia is carried on under difficulties such as the Socialists of no other country have had to face. The heroism of the men and women who have built up a great movement under the cruellest despotism of modern times has been rarely equalled and never surpassed. From the general restrictions forbidding meetings and the circulation of Socialist literature to the summary execution and arbitrary imprisonment or exile of active participants in the movement, every device that tyranny could invent has been used to check and crush the Socialist movement.

Beginning of the movement: The first approach to modern Socialist thought appears in connection with the agitation for the emancipation of the serfs, especially in the writings of Alexander Herzen and Nicholas Chernyschefsky. Herzen

[1] *Proceedings National Congress,* 1910, p. 68.

was an expatriated nobleman of wealth who published in London a magazine called *Kolokol* (Bell). He died in Geneva in 1869. Chernyschefsky was the editor of an influential magazine who spent many years in Siberian exile and returned to Russia an old man, physically and mentally wrecked. From 1860 to 1870 Nihilism flourished in Russia. The word "Nihilism" was first used by a famous Russian novelist to ridicule the new school of thought with its crude materialism and negation of all established beliefs. Nihilism served the Socialist movement in one important respect. It was wholly an intellectual force, and was not at all connected with the Socialist movement, but it caused a great many of the younger men and women of Russia to call the existing order into question and fostered a thirst for positive knowledge.

This longing for positive knowledge sent a large number of students of both sexes forth to Switzerland and other countries to study in the great universities. There they fell under the influence of the teaching of such men as Herzen, Bakunin and Peter Lavroff—the latter a disciple of Marx. The government became alarmed at the prospect of having its young men and women made Socialists, and in 1873 ordered all the students to return at once to Russia under pain of exile. Many of the students refused to obey the order, but most of them did, and in a little while the Russian government found that it had to contend with a large number of active Socialist propagandists. During the five years, 1873–78, these propagandists were busy carrying on the twofold work of general education and Socialist propaganda, especially among the peasants. The government answered with relentless persecution, and the Socialist propagandists were executed, imprisoned or exiled to Siberia, frequently without trial. By 1878 the young movement was checked and its propaganda was abandoned.

The rise of terrorism: In that year General Trepoff, the military commandant of St. Petersburg, who had been particularly brutal and inhuman, was shot by a young woman, Vera Sassulich, as an act of revenge for his brutal treatment of a political prisoner. Arrested and tried by jury for the offense, the young woman was acquitted. Encouraged by this outcome of the trial, and forbidden to use the methods

of peaceful propaganda, the more daring of the Socialists decided to copy the example of Vera Sassulich and institute a reign of terrorism. A small handful of idealists, they dared challenge the power of Russian autocracy with all its police and soldiers. For three years they carried on a most remarkable movement of terrorism, culminating in the assassination of Alexander II, in March, 1881, by Sophia Perovskaia and her associates. This brought the first period of terrorism to an end. The revolutionists had hoped that the killing of the Czar would be the signal for a general uprising, but they were disappointed. Russia was not ready for such an uprising, and within a short time the revolutionary organization was dead.

Social democracy and organized labor: In the early nineties, as a natural result of economic development, labor unions appeared in the growing industrial centres. This new movement of organized labor fulfilled in a measure the hopes of a small group of men and women, Marxian Socialists, who had declared during the terroristic period that the Socialist movement would never become a real force until the economic development of the country made the organization of labor unions necessary. Meantime, they carried on the work of laying the foundations for a political party. When the labor unions appeared in considerable numbers an impetus was given to this political movement, and the Social Democratic Party soon had local committees in many Russian cities, and the movement was further strengthened by the organization of Jewish, Polish, Lettish and Armenian Social Democrats. By the year 1900 the Social Democratic Party, despite the fact that it was compelled to work in secret, and was ruthlessly persecuted, had developed considerable power. It was this party which led the revolutionary outbreak at the end of 1905.

Revival of terrorism: But the revival of the Socialist movement brought with it the revival of terrorism on the part of some of the revolutionists. Various groups of revolutionists who relied upon terrorism as the most effective weapon with which to meet the cruel and repressive autocracy appeared in various parts of the country, and in 1901 united into the party of Socialist Revolutionists. It is this party which has carried on the campaign of terrorism in recent

years, and most of the political assassinations are attributed to it.

Strength of the movement: It is impossible to measure the strength or the growth of Socialism in Russia, owing to the fact that only secret methods of agitation and organization are possible. The various Socialist parties have participated in all the Duma elections since the promulgation of the Constitution of 1905. To the First Duma, in 1906, several members of the Social Democratic Party and the Socialist Revolutionists were elected, despite the fact that the two parties had officially declared a boycott of the election and urged their members not to participate in it. Including with these the peasant Socialists and the labor union representatives there were over one hundred members in the labor group of the First Duma.

In the Second Duma elections, in 1907, the Socialist parties decided to participate, in spite of the bitter persecution which had been directed by the government against the working class members of the first Duma. Of the 440 members of the Second Duma no less than 132 were elected by the Socialists. Practically all of these representatives of the Socialist movement were later imprisoned or exiled. This Duma, like the first, lasted only a short time, when it was dissolved by the authorities.

A new and glaringly undemocratic constitution was promulgated for the Third Duma. The electorate was divided into five curiae, giving one representative to every 230 of the landed nobility, one for every 1,000 of the greater capitalists, one for every 15,000 of the smaller capitalists and tradesmen, one for every 60,000 of the peasant class, and one for every 125,000 of the artisan class. Furthermore, in the case of the peasants and artisans the elections were made indirect. The Socialist Revolutionists under the circumstances not only declined to participate in the elections, but waged a bitter campaign against them. The Social Democrats, on the other hand, decided to participate in the elections, despite everything. They elected nineteen members out of a total of 427.

These figures are only available as indicating the tremendous spread of Socialist ideas in Russia: they afford no real measure of the strength of the movement. The bulk

of the propaganda of Socialism has to be carried on by literary agencies, and the publication or distribution of Socialist literature of any kind being a crime in Russia, this work involves terrible peril to those who engage in it. We get some idea of the strength of the movement when we consider that from 1905 to 1910 tens of thousands of Socialists were either imprisoned, exiled to Siberia, executed, or compelled to flee from the country to escape from these. Another indication of the immense strength of Russian Socialism is the fact that in 1909 the Central Committee of the Socialist Revolutionists alone spent $40,000 upon the distribution of more than two million Socialist leaflets, pamphlets and books, and that its total income was almost $85,000.

(9) Finland

Political conditions: Finland was ceded to Russia by Sweden in 1809, and was granted a relatively liberal constitution which gave the Finns complete autonomy in all local affairs. During the greater part of the nineteenth century, therefore, Finland was practically an independent State with the Czar of Russia as its Grand Duke. Beginning with the year 1894, under the administration of the notorious Governor-general Bobrikoff, Russia inaugurated a policy of Russianizing Finland. In 1898, in violation of his oath, the Czar issued a decree asserting the power of the Imperial Government over many of the internal affairs of Finland, particularly over military affairs. The Finnish people have resisted every attempt to destroy their liberties, and in 1901 completely frustrated the attempt of the Russian government to destroy their militia system and establish Russian military law.

Rise of the Socialist movement: There was no organized Socialist movement in Finland until after the decree of 1898. In the next year after that event a Labor Party was organized, which in 1903 changed its name to Social Democratic Party. The new party carried on a tremendous agitation for the extension of the suffrage and other measures of democratic reform, and in 1905, mainly as a result of that agitation, a new act was passed granting full and equal suffrage

to all adult persons over twenty-four years of age, regardless of sex, with proportional representation. This makes the constitution of Finland the most democratic of any country in the world.

In the elections of 1907, the first in which the Social Democratic Party participated, the party vote was 329,946, being 36.7 per cent of the total number of votes cast. The number of Socialists elected was eighty out of a total of two hundred. The Diet was dissolved by the Russian Governor-general in 1908, in 1909, and again in 1910, and each time the Socialists polled a larger percentage of the votes and elected a larger proportion of the members of the Diet. In 1910, when the present Diet was elected, the Socialists polled forty per cent of the total vote and elected eighty-six members, of whom ten were women.

The decree of 1909: Backed up by a subservient Duma, the Czar issued a new decree in 1909, practically abolishing the Finnish constitution, providing for the representation of Finland in the Russian Duma, and reducing the Finnish Diet to the status of a Provincial Assembly. The Finns have with remarkable courage and heroism refused thus far to recognize the decree or submit to it in any manner.

In addition to the parliamentary strength already noted, the Socialists had 351 representatives in various municipal councils in 1910. The movement in Finland is essentially Marxian, its program being very similar to that of the Austrian movement. The party membership in 1908 was 71,266. The party has a very powerful press and enjoys the full confidence of the trade unions. Upon the whole, it may be said that, in proportion to its population, Finland has the largest and strongest of the national Socialist parties.

(10) The Scandinavian Countries

Sweden: The Swedish Social Democratic Party was founded in 1889. For fifteen years the party devoted itself almost entirely to agitation in behalf of universal suffrage. The characteristic method of the Swedish Socialists has been the general strike. In 1897 the party elected its first representative to the Riksdag, and in 1905, after the granting of

a partial electoral reform, which did not change the class character of the Senate, the Socialists elected thirteen members to the Riksdag, as against four in the preceding election. In 1909, after a further extension of the franchise, the party polled 75,000 votes, or twenty-four per cent of the total vote cast, and elected thirty-six members out of a total of 165. The long and disastrous general strike of 1909 greatly weakened the party by reducing its membership and its financial strength, but it is now rapidly improving. In the elections of 1911 the party polled 170,299 votes and elected 64 members to the Riksdag.

Norway: The first entrance of representatives of the Socialist movement into the Storthing, the Norwegian Parliament, was in 1903, when the Social Democratic Party elected four members, including Dr. Erickson, a Lutheran clergyman, and Professor Berge, the only Roman Catholic in the Parliament. The total vote cast for the candidates of the party was about thirty thousand. The Social Democratic Party was founded as the Labor Party in 1889.

After the separation of Norway from Sweden, the Socialists worked hard for a republic, but were defeated. In 1906 the Socialist vote was increased by fifty per cent and ten members were elected to the Storthing. In 1909 the party polled 90,500 votes out of a total of 345,000 and elected eleven members to the Storthing out of a total of 123. The Social Democrats had in 1910 no less than 873 representatives in municipal councils. The party in Norway has had the advantage of working under a very democratic constitution. There is universal manhood suffrage above the age of twenty-five years, and partial woman suffrage. The Socialist press of Norway is very influential.

Denmark: The Socialist movement in Denmark began with the old International, and the party newspaper, the *Social Demokraten*, dates from 1871, and is one of the oldest Socialist papers now in existence. It has a circulation of 56,000. The present Social Democratic Party was established in 1878. In 1889 it elected its first representative to the Folkething. The party has taken an active part in the agrarian struggles of Denmark, and has the support of the peasant farmers and agricultural laborers.

In 1906 the party polled 77,000 votes and elected twenty-

four members to the People's Chamber—the Folkething—and four to the Senate. In 1910 the Socialist vote was 98,721, but the representation in both chambers of Parliament remained the same. There are 114 members in the lower house, all chosen by direct suffrage, and 66 in the upper house, of whom only twenty-seven are chosen by the general voters. The Social Democratic Party has (1911) more than 1,000 municipal and local councillors. The Danish Social Democratic Party has the record of having polled a continuous and almost uniform increase of votes at every triennial election since 1878.

(11) Holland

Domela Nieuwenhuis: The Socialist movement in Holland first arose in 1878, under the leadership of Domela Nieuwenhuis, the eloquent Lutheran minister who left his pastorate to preach Socialism. The movement suffered the bitterest persecution, but in 1888 Nieuwenhuis was elected to Parliament. There his failure to make headway against the older parties led him to despair of parliamentary action, and in 1893 he renounced Socialism and declared himself to be an Anarchist-Communist. The present Social Democratic Labor Party was founded in 1894 by twelve of the most prominent Socialists in Holland, who were at once dubbed "the Twelve Apostles" by their opponents. Among these twelve were Pieter J. Troelstra, a lawyer, who is still the political leader of the party, and Henry Van Kol, a civil engineer, who is the ablest of the party's writers and speakers.

In 1897 four Socialists were elected to Parliament, and in 1901 this was increased to seven, at which number it has stood ever since, despite the fact that the popular vote cast for the party increased from 38,297 in 1901 to 82,494 in 1909. The secession of Nieuwenhuis and his followers proved to be only the beginning of a long conflict between the Socialists and the Anarchists. The trade union movement has long been largely under the influence of the Anarchists, and is opposed to parliamentary action. This has prevented any general support of the party by the organized working class.

Internal dissensions: In 1905 a new source of difficulty appeared. The reactionary clerical ministry under Dr. Kuyper, who had suppressed the railway strike of 1903 with unnecessary brutality, was defeated by a narrow margin, and the seven Socialist members of the Chamber found themselves holding the balance of power between the new coalition ministry and the deposed reactionaries, as neither of the other groups held a parliamentary majority. Having to make a choice between the two, the Socialists voted with the government and sustained it. This act was bitterly condemned by the extreme radicals in the party as an abandonment of the principle of the class struggle. As a result there was a serious controversy which culminated in the withdrawal of the dissatisfied elements in 1908 and the formation of a new party, the Social Democratic Party. Its vote in the elections of 1909 was 1,888.

(12) Switzerland

Switzerland with its democratic constitution and traditions has from the first days of the movement been a centre of Socialist activity, especially on the part of French, German and Russian exiles gathered at Geneva and Zurich. The industrial development of the country, however, has been slow and the political Socialist movement was late in starting. Until the formation of the Social Democratic Party in 1888, Socialist agitation had been carried on through the radical workingmen's societies, of which the *Grutliverein* was the most important. This society was started in 1838, and until recent years practically dominated the working class movement.

In 1901 a union was effected between the *Grutliverein*, the trade unions and the Social Democratic Party. This union has not been entirely satisfactory. It contains many non-Socialist elements, whose influence has tended to modify the Socialist policy. Recently, however, a very considerable number of the non-Socialists have withdrawn. At the general election of 1908 the party increased its vote from 70,000 to 100,000 and elected seven members to the Federal Council.

(13) Spain

Spain is the most backward country of Western Europe. It has never been highly developed industrially. Two-thirds of its people are illiterate and still suffer from the domination of a political church. In consequence, the Socialist movement in Spain is very weak. The abuses of autocratic government have developed one of the strongest Anarchist movements in Europe.

The present Socialist Labor Party was organized in 1888 through the efforts of Pablo Iglesias, an able journalist and agitator, and made steady progress until the war with the United States in 1898. In the industrial crises which followed the war the Socialist Labor Party and the trade unions suffered great losses in membership. The movement revived again after about six years, since which time it has made very steady gains. Following the uprisings in Barcelona in 1909, and the subsequent execution of Francisco Ferrer, the Socialists entered into an alliance with the Republicans to destroy the reactionary clerical ministry. This was accomplished, and with the assistance of the Republicans, Iglesias was elected to the Cortes in May, 1910, as the first Socialist representative. A number of the Republican representatives are also Socialists, though not nominated by the Socialist Labor Party or regarded as representing it.

(14) Poland

Since the final dismemberment of Poland in 1794 the Polish people have lived under what have been for them three foreign despotisms, Russia, Prussia and Austria. Each of these powerful nations has attempted to crush out the Polish national spirit by force, but persecution has in fact united the Polish people in spirit even more than they were ever united under their own kings. Consequently the Polish Socialist movement struggles not only for political and economic independence, but for national independence also. As one of their leaders has said: "The social, the political and the national revolution are for us one and indivisible"[1]

[1] B. A. Jedrzejowski in *The Comrade*, Dec., 1902.

The Socialist movement is very strong in Poland, but as in Russian Poland, which is most populous and in which the movement is strongest, the whole party organization and party activity is illegal, it is impossible to give a numerical estimate of the strength of the Polish Socialist Party.

The Socialists in Galicia (Austrian Poland) have elected six members to the Austrian Reichsrat and are represented in the municipal councils of both Krakow and Lemberg. Aside from the political propaganda, the Galician Socialists initiated the university extension movement in their country, and have undertaken much of the general educational work which is done in other countries by the government itself.

The Polish Socialists in Germany have been subjected to more severe persecution than other Socialists in that country, because of the national and language complications. They have, however, built up a strong organization and constitute an important factor in the movement.

(15) Hungary

The Socialist movement in Hungary dates from 1867, when an association of workingmen was formed on the lines laid down by Lassalle. Its members were hunted down as criminals, exiled, shot or imprisoned, and it was not until 1890 that the movement became established. Political party organization has always been illegal and the movement has therefore been mainly carried on in the trade unions which are given a legal standing. The membership in these unions has increased rapidly and reached 130,120 in 1907, when an industrial crisis and increased government and capitalist persecution reduced the membership to 85,266 in 1909. About 300 unions with a membership of about 20,000 are in reality Socialist Party locals under the legal form of unions.

The political work of the party has been mainly directed toward the attainment of the franchise for the working class. It has been impossible to contest parliamentary elections, and only in the municipalities, where the franchise is somewhat less restricted, were any Socialists elected to office before 1910. The report of the Socialist Democratic Party

to the Congress at Copenhagen in that year showed ninety-six representatives in fifteen communal councils.

(16) Other Countries

In nearly every country of the world we find at least the beginnings of a Socialist movement. Under the new Republican regime in Portugal one Socialist has been elected to parliament. In Greece ten Socialists were elected to the National Assembly in 1910. Bulgaria and Servia both have Socialist parties affiliated with the International Socialist Bureau, and in the new Parliament of Turkey there are six Socialists, five of whom are Armenians, the other being a Bulgarian. Persia and China have been touched by the Socialist movement, and in Japan a relatively strong Socialist movement has developed under the leadership of Sen Katayama, despite bitter persecution. Katayama reported to the International Congress in 1907 that there were 30,000 conscious Socialists in Japan. The governmental repression was so severe in 1910 that the Japanese Socialist Party was unable to send a representative to the Copenhagen Congress. In South Africa and Australia there are organized Socialist movements, but much of the strength which would otherwise have gone to them has been absorbed by the Labor parties in those countries. The Australian Labor Party now has a clear majority in both houses of parliament. This makes the work of the Australian Socialists very difficult. In conformity with a well-known rule, where a non-Socialist labor party is strong the organized Socialist movement is extremely narrow and dogmatic. In Canada the Socialist movement is still relatively weak, except in British Columbia, where three Socialists were elected to the Provincial Legislature in 1907. Several of the Spanish-American countries have small Socialist parties, and in Chili and Argentina the Socialists have gained parliamentary representation.

SUMMARY

1. The German Social Democracy was the earliest in origin and is numerically the strongest of all the national Socialist parties. Its program is Marxian, and it has always worked in harmony with the trade unions.

2. The French Socialist Party is strong and its leaders are brilliant, but it has suffered from internal dissensions, and from anarchism and semi-anarchism both within and without the party.

3. The Austrian Social Democracy has the largest parliamentary representation of any Socialist Party. It has won its fight for equal manhood suffrage. Its greatest obstacle lies in the national dissensions within the Austrian Empire.

4. The Belgian Labor Party is relatively one of the strongest of Socialist groups. The distinctive feature of the Belgian movement is the high development of productive and distributive coöperation.

5. The Italian Socialist Party is characterized by middle-class leadership. The movement in Italy has been divided into three groups; the "Reformists," the anti-parliamentarian "Syndicalists," and the Marxian "Integralists."

6. The British Socialist movement is represented by the rather narrowly Marxian, Social Democratic Party, and by the Independent Labor Party, which is allied for political campaign purposes with the non-Socialist Labor Party.

7. The American Socialist movement is represented by the Socialist Labor Party and the Socialist Party. The latter party from its organization in 1900 has grown very rapidly. Its program is Marxian.

8. Socialism in Russia is outlawed, and effective political action is impossible. The Russian Social Democratic Party tries to prepare the way for revolution by secret organization, while the Socialist Revolutionary Party prefers terrorist tactics.

9. In proportion to population Finland has the strongest of all Socialist parties. The Finnish party has won universal suffrage regardless of sex, and it leads the struggle against Russian aggression.

10. Of the other countries Socialism is strongest in Norway, Sweden, Denmark, and Holland, and Socialist movements of varying strength exist in nearly every country of the world.

QUESTIONS

1. Compare the Gotha and Erfurt programs of the German Social Democracy.

2. Discuss the attitude of the German party toward the trade unions.

3. What are the chief differences in theory and tactics between the "Impossibilists" and the "Possibilists" in France?

4. Compare the French Socialist Party with the German Social Democracy.

5. How does the Italian Socialist movement differ from the movements in the northern European countries?

6. Explain the relations between the Socialist and the Labor parties in Great Britain.

7. What were the causes of the split in the American Socialist Labor Party and the formation of the Socialist Party?

8. Characterize briefly the following Socialist leaders: Lassalle, Bebel, Liebknecht, Jaurès, Guesde, Adler, de Paepe, Morris, Hyndman, Hardie.

Literature

The chief sources for the national Socialist parties are their reports to the International Socialist Congresses. In addition the following works will be found useful:

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PART V

POLICY AND PROGRAM

CHAPTER XXIII

SOCIALISM AND SOCIAL REFORM

Marx and Engels on social reform: Marx and Engels in the *Communist Manifesto* emphasized the importance of social and political reform and sketched a practical program for the betterment of the conditions of the wage-workers. That it was a crude and hastily sketched program, which has long since become antiquated to a large extent, is not here and now a matter of importance. What is significant is the fact that from the beginning Marx and Engels regarded agitation for reforms as a necessary part of proletarian activity. Eighteen years later, in the practical program which Marx drafted for the International, we find measures like the eight-hour work day and free, popular education given conspicuous place.

Marx and Engels understood and set forth with remarkable clearness and strength the need for physical, mental and moral efficiency on the part of the workers as prerequisites of their success. They understood and pointed out the unfitness of the slum proletariat, whose conditions of life necessarily fit it to be a reactionary force rather than a progressive and revolutionary force. On the other hand, they proclaimed the increasing misery and degradation of the proletariat in terms which compel us to conclude that they did not believe much could be done by the economic and political organization of the proletariat to check that misery and degradation. There is a terrible fatalism in the manner in which they picture the degradation and pauperization of the workers as one of the conditions essential to comprehensive social change:

"The modern laborer . . . instead of rising with the progress of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper and pauperism develops more rapidly than population and

wealth. And here it becomes evident that the bourgeoisie is unfit any longer to be the ruling class in society. . . . It is unfit to rule, because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state that it has to feed him, instead of being fed by him. Society can no longer live under this bourgeoisie, in other words, its existence is no longer compatible with society."

Thus we find in the thought of Marx and Engels, in their mingled hopes and fears, something of the contradiction and conflict which mark the evolution of Socialist political policy. Practical constructive programs are not for men who believe that, despite everything that may be done, things must go from bad to worse; that the capitalist system must crush the workers down and deny them the minimum necessities of life; that at last a depth must be reached when the workers will be forced by the instinct of self-preservation to revolt, and so end the rule of the master class. On the other hand, men who believe these things cannot at the same time believe also in the triumph of the working class in any conflict except that of brute force, and then only as a result of their overwhelming numbers. Nor can they recognize the weakness and inefficiency of the most submerged class, the slum proletariat, and maintain their hope for the future unimpaired. For it is the essence of their belief that the proletariat as a whole must be reduced to that state.

Revolutionism versus opportunism: In nearly every country in which there is a considerable Socialist movement we find two distinct and conflicting elements within the movement. There is almost invariably an extreme Left wing and an extreme Right wing, to which the terms "Revolutionary," and "Opportunist," or some equivalent of them, are applied. Broadly speaking, the Socialist movement everywhere attracts two distinct types of mind, the mind that is distrustful of all attempts to reform existing society and sees no hope in anything short of a complete transformation of society, and the mind that, while equally desiring the transformation of society, believes that it must be effected within the existing order to a very large extent, by means of the progressive improvement of conditions. Under strong

leadership those who hold these divergent views become crystallized into factions.

While the movement in different countries varies greatly, alike in characteristic features and historical development, it may be said that, as a rule, violent opposition to social reforms within the existing order is associated with the immaturity and weakness of the organized Socialist movement, and that as the movement grows stronger it becomes of necessity the central force in promoting social and political reforms. The truth of this generalization is admirably illustrated in the history of the German Social Democracy and its great leaders.

Evolution of parliamentary tactics in Germany: It is a far cry from the negative iconoclasm of Liebknecht and his followers in the early years of the movement to the constructive Socialist statesmanship of later years. In 1867 Liebknecht urged that the Socialist members should enter parliament only to read a declaration of protest, and then leave the house. He even denied that election to parliament offered any advantages for carrying on Socialist propaganda. Against the view of Bebel and others that the Socialist members could at least "speak through the windows" of parliament to the workers throughout the country, he scornfully urged that the workers could be better reached outside. By 1870 he had come to realize the strategic advantage which the "windows of parliament" gave the Socialist propagandist and agitator, and in that year at the Stuttgart Congress he and Bebel wrote a resolution, which was adopted, setting forth that, while the party's representatives in parliament must as far as possible work for the interests of the working class, on the whole a negative, critical attitude must be maintained.

The idea of using their political power directly to secure reforms made headway very slowly. At Coburg in 1874 it was declared that the emphasis must be placed upon propaganda, and thirteen years later, at the St. Gall Congress of the united party, a similar declaration was adopted, except that the word "agitation" was used instead of "propaganda." At the Halle Congress in 1890 an immense gain was registered, the Socialist representatives in the Reichstag being instructed to press the Socialist demands and to work for

palliative reforms possible within the existing state. The Erfurt Program, adopted in 1891, contains a series of practical proposals, or "immediate demands," which can only be interpreted as meaning that the Social Democracy has definitely chosen to rest its hope upon the enlightened and conscious effort of the proletariat, rather than upon those tendencies in economic evolution which Marx believed to be irresistibly making for proletarian degradation and economic cataclysm.

The value of social reforms: In his speech at the Erfurt Congress in support of the social reforms proposed in the program, Liebknecht frankly declared the abandonment of the view that Socialism flourishes best upon the misery of the masses. Speaking in support of the new program, he said: "Formerly people used often to say that the only means of winning the masses to Socialism was to leave them alone till their impoverishment was completed, and then despair would bring them to us, but no one believes in that nonsense any longer." Bebel also spoke in favor of the new tactics, but seemed to base his support upon the fact that the reforms advocated would win the votes of a large number of workers, rather than upon an appreciation of the value of the reforms themselves. Von Vollmar, one of the ablest of the leaders of the Opportunist wing of the party, noted this, and urged that the real motive of the party in advocating the social reforms ought to be the value of the reforms as substantial advances towards Socialism, and the fact that they would actually improve the fighting powers of the proletariat. In 1892, at the Berlin Congress, the annual report of the Socialist members of the Reichstag to the party practically affirmed Von Vollmar's view. It incorporated social reform into the concept of social revolution. Social reform, it declared, "serves to furnish the proletariat with a little more of the means of battle which they require in order to fulfil their historic mission."

Since that time there has been no disposition to return to the old tactics of mere negative criticism. All sections of the party recognize that if the Social Democracy is to be the party of working-class emancipation it must fight for the present interests of the workers, and do all that is possible to improve their conditions. At the Stuttgart Congress

of 1898, Von Vollmar declared that "He who raises the position of the working people, economically, politically, intellectually, increases their strength for further battles, and places a sure foot on the way leading to the final seizure of the powers of the State." At the Hanover Congress in the following year a similar view was expressed by the much more radical Clara Zetkin: "We promote these reforms, not to win the masses, but to raise them. With slaves breaking their chains you may make a momentary riot, but you cannot build a new society. Our whole reform is directed to this end, to raise the working class to a higher economic, intellectual and moral level; and I subscribe with both hands to the remark of Comrade Adler that we must work with our whole might for those demands of the present, just as if we were working for the attainment of our great goal itself."

Social Democracy and social reform: One result of this evolution of tactics and policy is that the Social Democracy is universally acknowledged to be the central and most powerful force making for social reform in Germany to-day. Even in the seventies, before the adoption of a constructive parliamentary policy by the party, the actual propaganda dealt to a considerable extent with such practical matters as the need of insurance against accident and old age, factory legislation and the abolition of child labor. Lassalle had emphasized the socialization of the State, and demanded State aid and protection for the workers. His influence upon the practical propaganda of the time was enormous. Theorists might talk about the disappearance of the State, but the workingman who addressed his fellow workingmen was much more likely to urge that the State ought to protect its useful citizens.

When in 1884 Bismarck announced his program of social legislation, he admitted in the Reichstag that he had taken those features of the Socialist propaganda which he believed to be practical, and that he hoped thus to wean the masses from the Social Democracy. His confession was as blunt as it could be: "Give the workingman the right to work as long as he has health. Assure him care when he is sick, and maintenance when he is old. If you will do that without shrinking from the sacrifice, and do not cry out 'State Social-

ism' . . . then I believe that the gentlemen of the Weyden (Social Democratic) program will sound their bird-call in vain; and as soon as the workingmen see that the government is earnestly concerned for their welfare, the thronging to them will cease."

The Social Democrats were not in the least disturbed at the prospect of having their arch opponent "steal their thunder" in this manner. They knew perfectly well that no party of the ruling class could ever concede all that the material interest of the working class demands. They knew the workers too well to believe that any sop of concessions made by the masters would satisfy them, and believed rather that all such concessions would increase the appetite of the workers and cause them to demand more and more. They did not doubt their ability to keep the Socialist program far in advance of any ministerial program. Bebel took advantage of Bismarck's admissions to point out that Bismarck was now the acknowledged pupil of the Social Democrats, that the great Chancellor had not only admitted the existence of a grave problem which had heretofore been declared not to exist, but had accepted the remedial policy advocated by the Socialists. The result was certain to be an increase of popular confidence in the wisdom and foresight of the Social Democrats, he declared. That Bebel was right has been abundantly proven by the experience of more than a quarter of a century. In almost every country in which there is a strong Socialist movement similar attempts have been made to wean the masses from Socialism by granting some of the reforms in the Socialist program, but without any marked success.

The new tactics and "Marxism": The change in the tactics and policy of the Social Democracy has been very commonly regarded as a definite departure from Marxism. This is true if by Marxism is meant simply the theory of the increasing misery of the proletariat. But that generalization is not only not the whole of Marxism, it is not essential to it. Indeed, the generalization may be regarded as having no legitimate place in Marxian theory. It is an interjection, inconsistent with the rest of the teachings of Marx and Engels. As we have already seen, it is not consistent with the program outlined in the *Communist Manifesto,* nor with the

practical program of the International. It is essentially a false note, due to the over-emphasis of the great impelling forces of economic evolution and the under-valuation of the human factors. If by Marxism we mean the fundamental thought of Marx and Engels, the thought which dominated and guided their life-work, and the practical policies they advocated, the change in tactics may be regarded as a return from an incidental and foreign element in the statement of Marxism to the fundamentals of Marxism. The utterances of Von Vollmar and Clara Zetkin, the one a leader of the Opportunists and the other of the Revolutionists, are quite in harmony with the utterance of Marx himself upon the passage of the Ten Hours' Bill in England.[1]

Social reform and the class struggle: The policy of promoting social reform is not less revolutionary than the policy of refusing to work for present betterment, but more so. If by social revolution we mean a social reality, a result to be attained through the unified efforts of the working class, the Opportunist who unites the workers upon the basis of their class interest, and enables them to improve their position and equip themselves for more effective resistance and aggression is a better Revolutionist than he who merely denounces present conditions and holds out to the workers the hope that, when their class has been sufficiently pauperized, brutalized and dehumanized there will be a successful revolt. To the modern Socialist, as to Marx, social revolution is not so much a method as a result. That result is the transformation of capitalist society into Socialist society, and will be quite as revolutionary if accomplished by a generation of peaceful evolution as if accomplished in a week of bloody revolt.

We recur again to the central *motif* of modern Socialism, the class struggle. The social reform policy of the German Social Democracy and all other Socialist parties is based upon the doctrine of the class struggle and is shaped by the actual class conflict. The workers must resist all those forces which tend to lower their standard of living, they must wage war against exploitation and for better conditions. So much is involved in the class struggle itself. If the Socialist movement is to be an expression of that struggle, it must

[1] In the Inaugural Address of the International, 1864.

necessarily participate in the efforts which the workers make to better their conditions. The class struggle as a reality, then, forces the Socialist parties of the world to be aggressive champions of every measure for the present betterment of the lot of the workers.

Illustrative value of Germany's experience: The importance of this detailed account of the evolution of Socialist tactics in Germany lies in the fact that the experience of the German Social Democracy has been repeated by nearly every national Socialist party. The change from the tactics of sterile dogmatism to fruitful practical politics is both a cause and an effect of growth. In the beginning the Socialist movement is almost invariably characterized by dogmatism, fanatical bitterness and sectarian intolerance. Its first political victories are usually won in spite of these things, often through circumstances which lead to the election of Socialist candidates not because of their Socialism, but rather in spite of it. But in every country it has been found that with the election of even a single representative to an important legislative or executive office a change of temper and policy begins to manifest itself. The propaganda becomes more practical and less theoretical. Wild, irresponsible talk of a sudden revolution is less frequently indulged in, and there is less disposition to sneer at social reforms. The movement devotes more and more of its energies to the task of bringing about the betterment of the lot of the workers.

Brought face to face with opportunities to improve the conditions of the working class, the Socialist Party dares not neglect them. Even though the specific reform proposed may be small and, of itself, relatively insignificant, the instinctive class consciousness of the Socialist representatives prevents them from opposing or ignoring it and indulging themselves in denunciations of capitalism or prophecies of a coöperative commonwealth. In other words, election of even a few of its representatives to office brings the Socialist movement to a point at which it must face reality and choose between dogmatism and life; between loyalty to a creed and loyalty to the working class. Little groups or factions may cling to the dogmatism and remain as narrow and embittered sects, but the movement as a whole chooses the

opposite course. This is illustrated in the history of the Socialist movement in England and the United States as completely as anywhere in the world.

Far-reaching results of the policy: The results of this broadening of Socialist policy and tactics extend far beyond the sphere of political action. It effects also the relation of the political Socialist movement to other phases of the working class movement. The same reasoning which keeps the Socialists in the early, dogmatic stages of the movement from recognizing the value of social reforms acquired by legislation, keeps them from recognizing the value of improvements brought about by the action of the trade unions or the coöperative societies. So long as the assumption upon which the Socialist policy is based is that the masses must be reduced to abject pauperism before Socialism can triumph, every attempt to prevent that pauperization will be looked upon as retarding the social revolution. Not until the movement frankly abandons that position and accepts the view that every gain of the working class better fits it for its great mission of destroying class rule, is it possible for all phases of the organized working class movement to work in harmony.

Socialism and coöperation: Workingmen's coöperative societies long antedated the rise of the modern Socialist movement in England. When the latter appeared the coöperative movement was already more than fifty years old, for in 1830 there were upwards of 300 coöperative societies in the United Kingdom with a membership of more than 20,000.[1] While coöperation had not solved the social problem as the founders of the movement imagined, it had greatly benefited that portion of the working class which it had succeeded in embracing within its membership. To build up and maintain such a movement had required courage, self-reliance, sobriety, foresight, organizing capacity and a high order of intelligence—all qualities essential to a successful, militant working class movement. Had the Socialists of the time not been obsessed by the notion that the coöperative societies by improving the economic conditions of their members were so many obstacles to the coming of Socialism *via* unlimited misery, the story of British Socialism

[1] Holyoake, *History of Coöperation*, 1875, Vol. I, pp. 152–153.

might have been very different. As it was the early Socialists frequently went out of their way to disparage coöperation as a conserving force, and thus set up a barrier between the two movements which has not yet been wholly removed. Much of the early Socialist propaganda was addressed to the slum proletariat, upon the assumption that the poorest and most miserable would readily respond to the Socialist message. Of course, this proved to be quite far from the truth. In England, as elsewhere, this element is the least responsive to the Socialist appeal. Invariably, Socialism makes its greatest progress among the best paid and best organized workers. Not until the rise of the Independent Labor Party in 1893 was any considerable progress made among the coöperative societies.

Belgian Socialism affords a striking contrast to British Socialism in this respect. The Belgian movement has never been very dogmatic. From the first it has included every phase of distinctively working class organization and aspiration. It has embraced the coöperatives, the trade unions, the friendly societies and the political movement. From England the Belgians took the coöperative associations and the trade unions; from Germany they took the fundamental theories of Socialism and general party tactics; from France they took the conception of Socialism as a great spiritual ideal and force, "a continuation of Christianity" as Vandervelde once described it. Thus we find that in Belgium the conflict between the coöperatives and the political Socialist movement has never developed to any extent, and the Socialist movement includes the coöperative movement.

Socialism and trade unionism: The relation of the political Socialist movement to the trade union movement illustrates the same principle. Trade unionism antedates the modern Socialist movement by a great many years. As far back as 1720 the master tailors of England complained to parliament that 7,000 journeymen had "entered into combination to raise their wages and leave off working an hour earlier than they used to do," and parliament responded by enacting a law prohibiting all such combinations.[1] Two years before that, in 1718, a royal proclamation against "lawless clubs and societies" among workmen had been

[1] Webb, *History of Trade Unionism*, p. 27.

issued.[1] In the United States, even, we find aggressive local unions of printers as early as 1786, and of shoemakers as early as 1794.[2] Long before the *Communist Manifesto*, therefore, trade unionism was already well established in England, and, to a less extent, the United States. It had done much to improve the conditions of the workers in many trades, as Marx himself recognized. The movement had grown in the face of bitter persecution on the part of the master class, the only parallel to which in modern times is the persecution which the Socialist movement has had to endure.

When the International was formed trade unionism in England and the United States was a real power. In France there were many unions which won partial legal recognition in 1864, the year in which the International was founded. In Italy there were several unions, largely dominated by Mazzini. Local trade unions had appeared in Germany, though it was not until 1865 that the first national German trade union was formed by followers of Lassalle, and therefore closely allied with the Socialist movement from the very beginning.

The International and the trade unions: Through the International Marx brought about a close relation between the trade unions and the Socialist movement of the time. Here as always Marx subordinated dogma to the central fact of the class struggle. The unions were fighting organizations of workingmen, therefore they must be welcomed as a part of the working class movement and any attempt on the part of the Socialists to antagonize the unions was severely condemned. Marx himself believed that the British trade unions were destined to become the most revolutionary Socialist organizations in Europe. All through the life of the International there was active coöperation between the trade unions and the Socialists in England and America as well as in continental Europe.

Rise of the new Socialist movement in England: Almost a decade had passed after the death of the International before the rise of the new Social Democratic movement in England. As we have seen, the leading spirits of the new

[1] Webb, *op. cit.*, p. 29.

[2] *Documentary History of American Industrial Society*, Vol. V, p. 20.

movement were not workingmen, but members of the middle class. They were dogmatists of an extreme type. In their attitude toward the trade unions they alternated between flattery and bitter insults. Regarding themselves as the preachers of the only true gospel, they set forth to convince the trade unions that their ways were wrong, to show them that the small improvements in wages and hours of labor which they gained from time to time were in reality not gains but losses, since they postponed the complete emancipation of the working class.

When they coöperated with the trade unions, as a rule it was not because they had a common faith with the trade unions, not because they earnestly desired to attain the object for which the unions were striving, but because they hoped to make converts, to win the unions to the Socialist point of view. They wanted to "capture the trade unions" for Socialism. Above all, they wanted the unions to become political organizations, auxiliaries of the party. They urged the unions to adopt the Socialist program and even to make acceptance of Socialist principles and the support of Socialist candidates conditions of membership. Naturally, the leaders of the unions resisted these attempts and resented the general depreciation of trade unionism by the Socialists. They were attempting to unite all the workers of a trade, regardless of their religious or political beliefs. They had already more than enough obstacles to overcome, and if they had followed the counsel of the Socialists they would have seriously divided their forces. It was inevitable, therefore, that a conflict should develop between the new movement with its dogmas and the old movement with its practical problems.

The issue in America: The story of the relations of the two movements in the United States is in many ways very similar to that of the English conflict. From 1878 to 1893 the friendly relations which had existed between the Socialists and the trade unions during the period of the International were gradually weakened. The trade union movement was the older organization. It was indigenous, and when the Socialist Labor Party arose was about entering upon a period of phenomenal growth. In 1878 the first convention of the Knights of Labor was held, and three years later the

Federation of Trade and Labor Unions, the body from which the American Federation of Labor developed, was formed. There were hundreds of thousands of American workingmen organized into unions. Frequently these unions adopted platforms or other declarations of principles which reflected the influence of the earlier Socialist agitation and came very near to the modern Socialist position.

On the other hand, the Socialist Labor Party was numerically weak and composed mainly of foreigners, many of them ignorant of the language of the country, and most of them unfamiliar with its institutions and laws. Under the circumstances, it was natural that the Socialists should regard the trade unions as favorable fields for their propaganda. It was equally natural that the trade union leaders should resent their propaganda in so far as it consisted of criticisms of their policies, and endeavors to commit the unions to the support of the Socialist Labor Party. As in England, the Socialist attitude toward the unions alternated between flattery and bitter insults. An element developed within the party which insisted that the unions must be opposed, because they were so many obstacles in the path of the Socialist movement. Sometimes this element controlled the party and the attacks on the unions were very bitter. At other times the party swung to the opposite extreme of flattery. When great strikes and lockouts took place the Socialists were always ready with help, moral and financial. But even this friendly service was not always disinterested. There was always the old desire to "capture the unions," and the leaders of the unions recognized the fact. Then, too, the Socialists further alienated the trade unions by their frequent association with the Anarchists.

With the formation of the Socialist Trade and Labor Alliance in opposition to the American Federation of Labor and the Knights of Labor, and the resolution of the national convention of the Socialist Labor Party in 1893 condemning the existing trade unions as hopelessly corrupt, open war was declared between the Socialists and the trade unions. If the capitalist class of the country had set all its brightest retainers to invent a plan of checking the Socialist movement, they could not have invented a better one than the Socialists themselves had devised. One of the first acts of the seces-

sionists from the Socialist Labor Party in 1899 was the passage of a resolution repudiating the Socialist Trade and Labor Alliance, and proclaiming friendliness toward the trade unions. The foundations of a peace policy were being laid.

Policy of the Socialist Party: But even after the rise of the new Socialist Party with its wider and saner policy, the idea long persisted that the political Socialist movement must act as a sort of schoolmaster to the trade union movement. Not for a long time was there any sign of a recognition of the trade union movement as simply another branch of the general working class movement, an equal, not a subordinate. Year after year in the conventions of the American Federation of Labor, and in the local labor councils, the Socialists struggled for the adoption of resolutions indorsing the program and political policies of the Socialist Party. Every such attempt failed and succeeded only in reviving old and bitter quarrels or creating new ones.

The German experience: The present official policy of the Socialist party of the United States recognized the right of the trade unions to manage their own affairs, and treats the trade union movement as an equal partner. This policy accords exactly with the policy of the German Social Democracy and with the ideas of Marx. It may be said to be the first adoption of a truly Marxian policy so far as the party's relation to the unions is concerned.

Although the first national trade union in Germany was founded by Wilhelm Fritzsche, a Lassallean Socialist, and was from the first dominated by Socialist ideas, other unions sprang up at about the same time, many of which, like the British trade unions after which they were patterned, declared for strict neutrality in politics. The overwhelming sentiment of the Lassallean Socialist movement was against the trade union movement. It was a cardinal principle of the Lassallean school that *only* the political movement could improve the condition of the workers; that the unions were only stumbling blocks. In 1872 this sentiment had grown so strong that a resolution was adopted at the annual congress of the Lassallean organization warning the members against advancing the unions at the expense of the political movement.

The Marxist attitude: In that same year the Marxist organization adopted a radically different resolution. It urged all the members of the organization to help the trade unions in every possible manner, and condemned the resolution adopted by the Lassallean faction. This resolution declared that:

"In consideration of the fact that the capitalist power *equally opposes and exploits all workingmen,* no matter whether they are conservatives, liberals, or Social Democrats, this congress declares it to be the sacred duty of the workingmen to *lay aside all party strife,* in order to create the conditions for a vigorous and successful resistance on the neutral ground of a united trades union organization, to secure their threatened existence and to conquer for themselves an improvement in their class conditions."

In adopting this resolution the Eisenachers were following closely the advice which Marx had given three years before. "The trades unions should never be affiliated with or made dependent upon any political society. . . . If this happens it means their death-blow," Marx had declared in 1869, and then went on to argue that the improvement of their conditions, the better education and improved physical efficiency, which the workers obtained through the unions would lead them to Socialism. Thus we find Marx, as ever, basing his hope upon the improvement of the lot of the workers, rather than upon their complete subjugation.[1]

Policy of the united party: In reality the Marxian Socialists took in 1872 a position toward trade unionism which they logically should have taken toward social reform, but did not until twenty years had passed away. After the union of the two factions in 1875 the united party adopted the Marxist policy. But it was years before the party abandoned the attitude of schoolmaster toward the unions. Bebel himself has confessed that at first the Social Democrats regarded it to be the special mission of the trades unions to serve as recruiting grounds for the party propaganda, preparatory schools for Socialists. The unions were urged to "keep politics and religion out of the unions," but at the same time they were asked to join the Social Democratic Party, to endorse its candidates and support it financially.

[1] Cf. *Karl Marx, His Life and Works,* by John Spargo, p. 248.

In recent years, however, the ideas of Marx have completely prevailed in the policy of the party toward the unions. It is now fully understood that to attempt to have the unions endorse or join any party, Socialist or other, would create weakening dissensions. The unions are urged to avoid party politics, and to confine their political activities to furthering those specific measures intimately effecting their immediate interests upon which the workers instinctively unite, regardless of their political beliefs. The party now trusts to its power to win the individual union member.

The evolution of Socialist tactics, then, has in nearly every country effected not only the attitude of the Socialist parties toward social reforms secured by legislation, but their attitude toward the efforts of the workers to better their conditions through other agencies, notably the trade unions and the coöperative societies. Nothing could well be more fallacious than to regard these changes separately, as so many vote-catching concessions, dictated by political expediency. The fact is that we have to consider, not a number of independent changes, unrelated to each other, but a comprehensive evolution of Socialist policy away from the accidental and non-essential, in the direction of a more consistent application of the fundamental theories of Marx to the actual life-problem of the working class. A careful examination of the programs of the leading Socialist parties of the world will show that they are based upon the central thought of Marx, the class struggle.

Socialists and social reformers: The Socialist Labor Party has a platform which is a compound of Lassalleanism and the "natural rights" theory of the eighteenth century, and contains no specific reform measures. The Socialist Party, on the other hand, has a platform which contains a large number of proposals aiming at the progressive improvement of our economic, social and political institutions and conditions. A considerable part of the energy of the party is devoted to the promotion of these reforms. In these respects the Socialist Party follows the example of all the important Socialist parties of the world. However distasteful the term may be to some Socialists, therefore, the Socialist Party is a party of social reform and its members are social reformers.

It frequently happens that other social reformers, who are not Socialists, seek the coöperation of the Socialists for the promotion of certain reform measures, and are surprised and disappointed when the Socialists decline to coöperate with them, and either regard their reforms with indifference or vigorously oppose them. In such circumstances, the Socialists are often denounced as being narrow and intolerant, or inconsistent and insincere. It is very easy to make such charges, and it is perhaps natural that they should be made. The slightest knowledge of the movement, however, is sufficient to discredit the charges. It is inconceivable that a great movement which is maintained by an incalculable amount of self-sacrifice should place the principles and ideals for which that sacrifice is made beneath mere party or personal consideration. The sincerity of the Socialists and the intellectual attainments of their leading exponents warrant us assuming that there must be serious and vital reasons for their exclusive attitude.

Reasons for such refusal: The refusal of the Socialists to coöperate with non-Socialist reformers may be due to (1) the fact that the specific reforms they are asked to support are not in harmony with Socialist principles; (2) the fact that, while consistent with the Socialist program, and even taken from it, the specific reforms are not of themselves sufficiently important to justify the Socialists in dropping the rest of their program for the time being in order to concentrate upon them; (3) the fact that the Socialists lack faith in those with whom they are asked to coöperate.

A very brief consideration of these reasons will enable us to understand the Socialist point of view. Of the reforms which are not in accordance with Socialist principles we have excellent illustrations in the various measures proposed for the restriction of monopoly. It often happens that the indictment of the great oppressive monopolies by middle-class reformers is very similar to the indictment of the same monopolies by the Socialists. No Socialist agitator ever more bitterly arraigned the Steel Trust for its treatment of its employees than some of our middle-class reformers have done. But when the Socialist is asked to work for anti-trust legislation he must decline, for the very obvious reason

that he believes monopoly to be an inevitable and necessary step towards Socialism.

Of those reforms which are consistent with the Socialist program and included in it, but are advocated also by non-Socialists, woman's suffrage is a good illustration. Equal suffrage is a fundamental principle of Socialism. When limited suffrage for women is proposed, giving the vote to women who possess certain property qualifications, the Socialists oppose the measure, even where it is favored by the organized woman's suffrage movement. Such a measure is not in harmony with Socialist principles. When, as in the United States, the demand is for the extension of the suffrage to all women, the Socialists give the movement their hearty support. They hold demonstrations in favor of it, appear at legislative hearings on behalf of it, circulate petitions, and otherwise further the movement. Not only does the Socialist Party do these things in connection with its own propaganda, but it gladly and earnestly coöperates with the woman's suffrage organizations in similar activities. But if it should be asked to drop all the rest of its program for the time being, and to confine itself solely to agitation for woman's suffrage, it might very properly decline to do so, upon the ground that, important as the reform is, it is not important enough to warrant the proposed action. This does not mean, of course, that the Socialists must take the position indicated under any and all circumstances. In various countries the Socialists have at different times concentrated all their energies upon specific issues, especially the extension of the franchise, notably in Austria, Belgium and Sweden. Circumstances might arise which would justify the Socialists in concentrating all their energies upon the extension of the suffrage to women or any other measure. The point to be observed is that so long as they do not regard the particular reform as being important enough to warrant the adoption of such a policy, the Socialists are justified in refusing to do so.

Concerning the third reason for refusing to coöperate with non-Socialist reformers, lack of faith in those with whom they are asked to coöperate, not much need be said. It is a common thing for capitalist parties to put into their platforms measures of reform, excellent in themselves, which

are intended to serve as bait to catch the unwary. After a great strike among the coal miners some years ago the Democratic Party in the State of New York adopted as one of the planks in its platform government ownership and control of the coal mines. There were some persons who regarded that as a reason why the Socialists ought not to oppose the Democratic Party, but support it. They regarded the proposed reform as a very important "step in the direction of Socialism." Apart altogether from the inability of the Socialists to believe in the good faith of the Democrats, such a policy was impossible. It would have meant the demoralization of the Socialist Party. It would have meant, also, that the Socialists would have had to support a great many things in which they did not believe as well as the one thing in which they did believe.

Essentials of Socialist reform: The Socialist reform program is distinguished from all other reform programs by two fundamental characteristics. The first of these is the interrelation of all the reform measures to one another. They are not separate and distinct reforms, each one offered as a panacea for a special social ill. They are all interdependent. The social reform program of Socialism does not consist of an aggregation of measures, separately devised and based upon different and conflicting principles, now collectivistic, now individualistic. Every one of its measures is consistent with all the others, and all are based upon one central idea. The second characteristic is that all the measures are frankly based upon the interest of the working class. The entire program has for its aim the strengthening of the workers as a class, economically and politically, in order that they may be able to establish the Socialist state.

SUMMARY

1. Socialists generally have from the first included immediate reforms in their programs, but there has always been a minority opposed to reforms, and basing their hope of revolution upon the increasing misery of the proletariat.

2. As the movement in any country becomes stronger there is an increasing tendency to advocate reforms and an increasing recognition of the value of parliamentary activity.

3. The attitude of Socialist parties toward trade unionism is often characterized at first by a desire to control, and failing in this, by open hostility. In later stages the attitude tends to be that of recognition and desire for coöperation with the unions.

4. The aim of all Socialist reform measures is the strengthening of the workers as a class, economically and politically.

QUESTIONS

1. Discuss the attitude of Marx and Engels toward reforms.

2. What is the distinction between Revolutionism and Opportunism?

3. What is the attitude of the extreme Revolutionist toward parliamentary activity?

4. What changes have taken place in the tactics of the German Social Democracy since the early period of its history?

5. Explain the relation of Social reform to the class struggle.

6. How does the attitude of the British Socialists toward distributive coöperation differ from that of the Belgians?

7. What has been the attitude of the Social Democrats in England toward the trade unions?

8. What is the difference in attitude toward trade unions between the American Socialist and Socialist Labor Parties?

9. Under what circumstances will Socialists work with non-Socialist reformers?

10. Why do Socialists sometimes refuse to work with such reformers?

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CHAPTER XXIV

THE REFORM PROGRAM OF SOCIALISM

I

The common aim: In order that the workers "may seize every possible advantage that may strengthen them to gain complete control of the powers of government, and thereby the sooner establish the coöperative commonwealth,"[1] the Socialist parties of all lands have adopted comprehensive programs of social and political reforms. Naturally these programs differ materially according to the conditions existing in the different countries, but they are all characterized by a general identity of aim and purpose.

Suffrage: Modern Socialism is inseparable from political democracy. Foremost among the demands of all the Socialists of the world are those for the abolition of all restrictions upon the franchise which places the working class at a disadvantage. Some few Socialists, like Belfort Bax, the English Social Democrat, are opposed to woman's suffrage and vehemently deny that it is an essential principle of Socialism, but the contrary view is held by the vast majority of Socialists everywhere. In Europe the battle for universal manhood suffrage has taken a large place in the Socialist propaganda, and the fight is not yet wholly won. In the United States the Socialists have not been under the necessity of establishing manhood suffrage, since that reform was accomplished early in the history of the country. Proposals for the extension of the franchise to women upon equal terms with men, the abolition of poll taxes, through which the progressive disfranchisement of a large part of the working class in many states is being accomplished, and other similar measures are urged in the national and state programs of American Socialism.

[1] National Platform, Socialist Party of America, 1904.

The initiative, referendum and recall: Direct legislation, through the initiative and referendum, holds an important place in the reform program of nearly every Socialist party in the world. In England it does not appear in the program of the Independent Labor Party, but is given a prominent place in the program of the Social Democratic Party. On the other hand, it is opposed by the Fabian Society, which in this respect holds a unique position. The position of the Fabians is set forth in a resolution presented to the International Socialist Congress in 1896. They oppose the initiative and referendum because they believe that the masses can never be made sufficiently familiar with the "dry details" of legislative and administrative reforms to vote intelligently upon them; that while theoretically democratic, direct legislation is in practice reactionary, and urge that the fact that leading anti-Socialists in England have advocated the adoption of the referendum as a means of fighting Socialism is a good reason why Socialists should oppose it. Broadly speaking, the opposition of the Fabians to direct legislation may be said to arise from their conception of Socialism as a better organization of industry, rather than as the emancipation of the working class. They do not accept the doctrine of the class struggle. By Socialists generally direct legislation is favored because it will help the working class to establish its rule. It is not intended to supplant representative parliamentary government, but to supplement it. The right to initiate legislation, to consider legislation before it becomes law, and to recall elected representatives and officials are fundamental principles of democracy.

Proportional representation and second ballot: In every country we find the Socialists fighting for proportional representation. True representative parliamentary government is not possible where the parliament does not epitomize the opinion of the population. In the Congress of the United States we have approximately one representative for every 35,000 voters. But with over 600,000 votes the Socialists elected only one representative to the Sixty-second Congress. The Prohibition Party has participated in every national election held during the past thirty years, polling from 130,-000 to 270,000 votes, but has never had a single Congressional representative. The injustice of this is manifest.

In Finland, Sweden and Belgium the Socialists have succeeded in bringing about proportional representation. It should perhaps be said that no particular scheme of proportional representation has been advocated by the Socialist parties.

Closely allied to proportional representation is the second ballot, which is advocated in the Socialist program of nearly every country in which the principle is not already established. Where a bare plurality of votes suffices to elect parliamentary representatives and public officials, it frequently happens that the candidates elected represent only a minority of the voters in their respective constituencies. Let us take the case of an election in which there are four candidates for the legislature—a Republican, a Democrat, a Reform candidate and a Socialist. Many persons avowedly sympathetic to Socialism, who would vote for the Socialist candidate if they did not regard his candidature as hopeless, vote for that one of the other candidates whom they regard as the more progressive of the non-Socialist candidates. In this manner the present system of election by plurality vote leads many voters to compromise their principles and the vote reflects that compromise rather than the real desire of the people. In Germany, Belgium and several other European countries this difficulty is met by the second ballot. Let us suppose that in our election the vote results as follows:

Republican	1800
Democrat	1700
Socialist	1100
Reform	800
	5400

With one-third of the vote the Republican is elected, although two-thirds of the voters opposed him. Under the second ballot the Socialist and Reform candidates would drop out and there would be a re-ballot with the Republican and the Democrat as candidates. In that case enough of those who voted for the Socialist and Reform candidates might vote for the Democrat to give him an absolute majority. Undoubtedly the second ballot is of great advantage to the Socialist and other radical parties in those countries where

it is established. Some English and American Socialists have advocated preferential voting instead of the second ballot. That is, that each voter be required to vote upon every candidate for the office to which an election is held, numbering each in the order of his choice, as first choice, second choice, and so on.

Abolition of the Senate: Among the political reforms commonly found in the programs of European Socialist parties the payment from the public treasury of the cost of holding elections and of salaries to parliamentary representatives, are reforms which, like manhood suffrage, have long since been accomplished in the United States. The abolition of the Senate, however, is a reform which American Socialists demand in common with the Socialists of several countries. Thus we find the British Social Democratic Party, the Belgian Labor Party, the French Socialist Party and several other Socialist parties, demanding the abolition of the Senate, or, in England, the House of Lords. In Denmark and Belgium the Socialists have obtained representation in the Senate, but that does not blind them to the fact that the Senate is a body designed to give power to the master class. In almost every country, the upper house of parliament represents the privileged classes. The Senate of the United States was deliberately designed to represent wealth and social position. It was intended by the aristocratic constitutional convention to "protect the minority of the opulent against the majority."[1] This purpose was attained by providing for indirect election of Senators, long terms of office and an equal number of Senators from each state, regardless of population. In place of the Senate the Socialists would have the popular optional referendum.

II

The administration of justice: Reforms in the administration of justice and in the judicial system as a whole have an important place in the programs of international Socialism. There are few Socialist parties which do not lay stress upon the necessity of making the administration of justice free

[1] Madison, *Elliot's Debates*, Vol. I, p. 450.

by abolishing all court fees and making attorneys public officials paid by the State. However impartial the law itself may be at its best, it is obvious that a rich man to whom court fees are of no importance, and who can afford to engage the most eminent counsel, has an immense advantage over a poorer litigant. In practice, therefore, there is ample justification for the plaint that "there is one law for the rich and another for the poor." Wherever the Socialists have had the power to do so they have opened free municipal bureaus of legal advice as a step toward the establishment of a completely free system of judicial administration.

In nearly every country, also, the Socialists demand that all judges be popularly elected, and, like all other officials, subject to recall. The class bias of appointive judges is notorious, and it is not easy to see why the interpretation of the laws of any country should be not responsive to the people, the makers of the law in any ultimate analysis of democracy. In many states in this country the judges are elected by the people and the Socialists would apply the elective principle to all judicial offices.

The judicial veto: This reform carries with it the abolition of the judicial veto, which is neither more nor less than a power to nullify the legislative acts of the elected parliament. In the United States this question assumes greater importance than anywhere else in the world and has led to the adoption by the Socialist Party of a demand for the abolition of the power of the Supreme Court to pass upon the constitutionality of laws. The power to abrogate any act of Congress ought to be vested only in the people themselves through popular referendum and their elected representatives in Congress. It may be said that in this demand the Socialists are returning to the principles upon which the nation itself was founded. The Constitution of the United States does not give the Supreme Court the power to nullify legislation. It was assumed by the court under the rule of Chief Justice Marshall, and has become an accepted fact in our law. Thus the Supreme Court has become the ultimate legislative authority, reading into legislation important principles which Congress itself specifically refuses to include in the legislation when it is being formulated. In conformity with this Socialist demand, the only representative of the party in the Sixty-

second Congress included in a measure providing for old age pensions a clause expressly forbidding the Supreme Court to pass upon its constitutionality. Another reform of judicial procedure of far greater significance in the United States than elsewhere is the restriction of the power to issue injunctions in labor disputes, from which some of the worst abuses of our judicial system have arisen.

III

The protection of labor: When the necessary allowances have been made for the differences of industrial conditions and political and social development of the countries there is a remarkable and suggestive similarity in the practical proposals of the Socialist parties for the protection of labor. The class struggle involves pretty much the same needs in monarchical Germany as in republican France; in the United States as in Belgium or Italy. Thus we find substantially the same demands made in various countries; all want the legal prohibition of child labor, regulation of the hours of labor, adequate factory inspection, freedom of trade union combination, relief work for the unemployed, and insurance against accident, sickness, unemployment and old age.

American Socialists want the prohibition of the employment of children under sixteen years. The Belgian Socialists would forbid all employment to children under fourteen and permit only half-time employment from fourteen to eighteen. Socialists realize the enormous injury which child labor inflicts upon the working class, and in every country they are to be found in the vanguard of the fight against it. They are not blind to the fact that the labor of the child is often caused by poverty and that to forbid the employment of the child may lead to greater poverty and suffering. They contend, however, that the remedy for poverty is not child labor. It would be far better for the State to assume the cost of maintaining children than to permit their young lives to be ruthlessly exploited for profit. Fix minimum wage rates, provide work for the unemployed or insure the workers against it, pension the sick, the aged, the widow and the orphan, but do not destroy the life of the child, say the Socialists in all lands.

Most Socialist parties demand the enactment of legislation establishing eight hours as the maximum work-day, providing for a rest period of not less than a day and a half, thirty-six consecutive hours, in each week, forbidding the employment of women and girls in occupations especially injurious to females, and confining night work to the minimum absolutely necessary. American Socialists make their demand for the reduction of hours of labor more general, and demand "shortening the work-day in keeping with the increased productiveness of machinery." In several countries the Socialist parties demand the prohibition of the employment of women for a given period before and after childbirth, generally six weeks. American Socialists have made no declaration upon this important matter, but it is significant that the attempt to pass such a law in Massachusetts in 1910 was the work of Socialists.

Agricultural laborers: It is not easy to see how a measure like the eight-hour law is to be applied to agricultural labor so long as agriculture retains its present form. The Socialists in Belgium frankly face this difficulty and limit the application of the eight-hour work-day, and other similar reforms, to the "industrial workers." The French Socialists, on the other hand, in 1902 specifically applied its measures for the regulation of the hours of labor to "labor in industry, commerce and agriculture." Without making a definite statement upon the point, American Socialists have largely followed the example of the Belgians, and, by implication at least, regarded agricultural labor as outside the scope of some of the laws proposed for the regulation of the hours of labor. Like the Belgians, they have formulated special programs for farmers, including such reforms as the establishment of grain elevators and storage warehouses by the State; separation of the Board of Agriculture from politics, making it an elective body, the farmers themselves to be the electors; State insurance against diseases of animals and plants, insect pests, hail, flood, storm and fire, and State assistance to coöperative associations of farmers for the purchase of seed, fertilizer, implements and machinery and for working the land and marketing produce. This is a new development in American Socialist policy and the "Farmer's Program" is as yet crude and ill-developed.

State insurance: In almost every industrial country except the United States, something has been done to insure the workers against poverty as a result of sickness, accident, unemployment or old age. In Austria, where they have compulsory insurance against sickness and accident, the Socialists aim to reform the system to liberalize it, and to extend the insurance to cover unemployment and old age. In Germany, where they have insurance against sickness, accident and old age, the Socialists aim to include insurance against unemployment in the scheme, and to further democratize its administration. In the United States there is no legislation, state or national, providing for the insurance of the workers against sickness or accident or loss of employment, no provision for old age, except for the veterans of the wars.

The Socialist Party demands that the enormous risks of modern industry be borne by the nation instead of by the individual workers and their families. The workers themselves are quite powerless to make adequate provision against sickness, accident and death, to say nothing of unemployment. By immense sacrifices, through trade unions, fraternal insurance societies and private insurance companies the workers made heroic efforts to insure their families against the worst results of prolonged illness, accident and death. This can at best be done very inadequately, and many of their attempts subject them to further exploitation by the insurance companies, whose charges are notoriously exorbitant. Even if these disadvantages did not exist, the Socialist view is that the risks incidental to the production of the national wealth would be socially borne, so far as that is possible.

IV

Public health: In their programs and their practical work, the Socialists of all countries have been distinguished from all other political parties by the consistency and intelligence with which they have recognized the social importance of caring for the health of the people. It has been said that every advance in the Socialist movement in Europe has been marked by a lowering of the death-rate. The fact

that the working class furnishes most of the victims of preventable disease has forced the Socialists to pay special attention to the subject. Thus, in France, Germany, Belgium and Italy, among other countries, the Socialists have done much to prevent excessive infantile mortality by establishing municipal *crêches,* milk depots, and, in some cases, by pensioning nursing mothers and thus enabling them to remain at home with their babies. They have cared for the health of school children by establishing open air schools in the country or at the sea-side for sickly children; maintaining free dental clinics; providing free meals, or meals at cost, for children in schools; developing the system of medical inspection in schools and so on. In several countries the Socialists have, in the municipalities which they control, gone far toward the practical realization of the principle of free medical attendance, midwifery and medicine, contained in many of the national programs. Sanātoria and convalescent homes for the workers have been established by many municipalities under Socialist influence. The establishment of free medical service, making physicians and surgeons public servants, is generally advocated by Socialists all over the world, though it is not specifically mentioned in the program of the Socialist Party of America, which confines itself to the general demand of "further measures" for the conservation of health, and the one specific demand for the creation of a national department of public health and hygiene.

The temperance problem: Like disease, drunkenness and its concomitant evils affect most seriously the working class. Socialists everywhere recognize the ravages of intemperance and in some countries have done a great deal to stop its progress. The Socialists in most European countries have during the past few years waged war upon alcoholism as one of the things tending to unfit the working class for effective resistance to the master class and for the efficient administration of public affairs. So effective has the stand of the Socialists upon this question been that it is commonly said in Europe that the capitalist parties could not exist but for the saloons. In many of the leading countries of Europe there are Socialist temperance societies. At the seventh International Anti-Alcoholic Congress in Paris, one of the prin-

cipal addresses was made by Emile Vandervelde, the Belgian Socialist leader.

But there is no common legislative policy for dealing with this problem upon which all the Socialist parties unite. Perhaps this is due in part to the fact that it is a comparatively recent development of Socialist policy to deal with it at all. In 1903, under the leadership of Victor Adler, the congress of the Austrian party adopted a resolution declaring that the drinking habits of the people constitute a serious obstacle to the Socialist movement and pointing to the improvement of economic conditions and the education of the people concerning the injurious effects of alcoholism as the most effective means of combating the evil. It urged all its members to discourage drinking, to forbid the sale of intoxicants in Socialist clubs, and to assist the temperance societies. In 1907 at the Essen Congress, the German party adopted a resolution on the subject of the evils of alcoholism. The resolution pointed out the antisocial conditions which are primarily responsible for intemperance among the workers, and urged the removal of these, rather than restrictive legislation. In the same year the Belgian party congress passed a much stronger resolution on the subject and instituted a bureau for the purpose of carrying on an educational campaign against intemperance. Similar resolutions have been adopted by the party congresses in several other countries, including England—by the Independent Labor Party—and the United States. The American resolution declares "any excessive use of liquor by members of the working class is a serious obstacle . . . since it impairs the vigor of the fighters in the political and economic struggle, and we urge the members of the working class to avoid any indulgence that might hinder the progress of the movement for their emancipation. . . . We do not believe that the evils of alcoholism can be cured by an extension of the police powers of the capitalist State. Alcoholism is a disease of which capitalism is the chief cause, and the remedy lies rather in doing away with the underfeeding, over-work and over-worry which result from the wage system."

In practical politics the Socialist attitude upon the subject varies greatly in different countries. In Norway and

Sweden the Socialists support the Gothenburg system, or some modification of it. In Finland they favor absolute prohibition. In Belgium they demand that the manufacture and sale of alcoholic drinks be made a State monopoly. In England Socialists generally favor the municipalization of the entire liquor traffic. American Socialists have taken no definite stand. All Socialists accept the principle of local option and probably a majority of American Socialists believe in some form of collective ownership and management of the entire liquor traffic.

V

Taxation: In all countries the Socialist parties oppose practically all forms of indirect taxation. Thus the German Social Democracy demands the abolition of all indirect taxes, customs and duties on the ground that they "sacrifice the interests of the whole community to the interests of a favored minority;" and the Belgian Labor Party demands "abolition of indirect taxes, especially taxes on food and customs tariffs." The French Socialist Party, on the other hand, while opposing taxes on food and customs duties, and such forms of direct taxation as the taxation of small plots of land and certain small businesses, seems to favor certain forms of indirect taxation by empowering the State "to seek a part of the revenue which it requires from certain monopolies." Upon the positive side, all the Socialist parties advocate the progressive taxation of incomes and inheritances. In the program of the American Socialist Party the suggestion is made that the taxation of inheritances should be graduated in accordance with the nearness of kinship of the legatee as well as in accordance with the amount. The Belgian program provides that, except in case of gifts to works of public utility, gifts of property between the living should also be taxed upon the same basis as testamentary gifts. The object of this provision is to prevent the evasion of the taxes upon inheritances by the simple method of "giving" property during the lifetime of the owner to those who would otherwise not receive it until after his death.

The taxation of land valued for local purposes is generally

advocated by Socialist parties. This measure was advocated in the *Communist Manifesto*, long before the rise of the Henry George Single Tax school. While fundamentally differing from the individualistic philosophy of this school, and regarding the Single Tax as wholly inadequate when considered as a solution of our social problem, the Socialists fully believe in absorbing by means of taxation the full rental value of land. But even if the average wage worker could get a factory site free he would not be able to set up in business upon his own account with any chance of success. He could not afford the costly equipment without which successful competition with the great capitalists would be impossible. To the Socialist, then, the taxation of land values is only an item in a comprehensive program, and not a solution of the social problem.

Collective ownership: The collective ownership and management of railroads, telegraphs, telephones, steamship lines and all other means of social transportation; of land that is used for the purpose of exploiting labor; of mines, quarries, oil wells, forests and water power, and of industries which can be so owned and managed with advantage to the community are demands which are found in every Socialist program in the world. In some instances one item or another in the foregoing list may be omitted, as in England, where the telegraph service has long been nationalized, or Belgium, where the railways have always been owned by the nation, but otherwise the list is a fair composite of the programs of Socialism in all the countries. The reasons for collective ownership, the line of demarkation between social and private property and the chief objections to collective ownership are discussed in other chapters. The question of method alone concerns us here: how do the Socialists propose society shall acquire the means of production and exchange which are to be collectively owned and administered? Do they advocate confiscation or purchase?

Means of Socialization: It will perhaps help us to arrive at a proper answer to these questions if we made a sharp distinction between Socialism in the propagandist stage and Socialism in the constructive stage. So long as they are engaged simply in urging the general principle of collective ownership of the means of production and exchange and its

advantages, the Socialists are justified in meeting all questions concerning the methods of obtaining possession of capitalist industry with the answer: "Let us first decide whether we want collective ownership; if we do we shall devise the best method of bringing it about that we can." When that stage has been passed, and they are called upon to formulate plans for the realization of the principle of collective ownership, the Socialists have to consider the circumstances existing in each particular case. They are not called upon to socialize all the means of production and exchange at once, but a single branch of industry in a particular place, or a single public service. The proposal is to municipalize this lighting plant or that telephone service, or to nationalize the railways or a particular industry, as the case may be.

Broadly speaking, all the methods of bringing about collective ownership ultimately rest upon competition, confiscation or compensation. That is to say, either society must enter into competition with the capitalists and compete them out of existence in much the same manner as the large corporation crushes the small manufacturer by competition, or it must take what it needs by force, without payment, or it must purchase what it needs. Socialists are not committed to any one of these principles, nor are they precluded from adopting either or all of them.

The competitive method: Tired of the extortion and poor service of a public service corporation, a gas company, for example, the citizens of a particular municipality decide that they want a municipally-owned and -operated lighting plant. The Socialists, elected upon this issue, proceed to the task of carrying out the will of the people. Either because the price asked by the company is too high, or because they find the plant to be antiquated and inadequate, they decide against purchase. To confiscate the plant entirely is out of the question, first, because the citizens would not tolerate it, and second, because the laws of the State or the nation forbid. The Socialist administration decides, therefore, to erect a new plant, or perhaps to install an electric lighting system in place of gas. The company now finds that the profitable contracts for public lighting are taken from it, and that the publicly owned electric service is so generally

used by the citizens that the manufacture of gas is no longer profitable, and that the value of the plant has been destroyed by competition. That is one method, applicable in many instances, but quite inapplicable in others. While it might be the best method imaginable in the case of a shoe factory, it might not be at all a good method in the case of a water-supply system. To build parallel railway lines, for example, would, in most cases, be a great waste.

Confiscation: It is undoubtedly true that individual Socialist speakers and writers have advocated confiscation. It would be strange if it were otherwise, if reckless, visionary and impracticable theories and methods were not advocated from time to time. But, here again, we must judge the movement by its mass, not by its exceptions; by its sanest rather than by its most foolish advocates. Marx and Engels personally favored purchase rather than confiscation. Engels wrote in 1894: "We do not at all consider the indemnification of the proprietors as an impossibility, *whatever may be the circumstances.* How many times has not Karl Marx expressed to me the opinion that if we could buy up the whole crowd it would really be the cheapest way of relieving ourselves of them."[1] There is not a single Socialist writer of recognized authority in the international movement who does not agree that there is nothing in the theory of modern Socialism which precludes the possibility of paying the owners of property for whatever is taken from them. Strangely enough, the English Fabian Society seems to be the only important Socialist body in the world which has declared against the principle of compensation, and even it provides for "such relief to expropriated individuals as may seem fit to the community."[2]

That Marx was right in regarding purchase as a cheaper method than forcible confiscation can hardly be doubted by anyone who has considered the manner in which chattel slavery in this country was abolished. Leaving out of account the loss of life, the sectional bitterness resulting from the Civil War, and the disastrous check to the economic development of the South, the money cost of the abolition of slavery, including war expenses, pensions and the destruc-

[1] Quoted by Vandervelde, *Collectivism,* p. 155.

[2] *Basis of the Fabian Society.* See Ensor, *Modern Socialism,* p. 359.

tion of property, far exceeded the money value of the slaves. Everywhere in actual practice we find the Socialists moving along the lines of least resistance, and it is safe to say that Jules Guesde was right when he asserted in the French Chamber of Deputies that if violent measures are ever resorted to, the Socialists will not be responsible, that if the decision is left to the Socialists the transformation will be a peaceful one accompanied with a minimum of hardship to the master class.

Liebknecht's view: Perhaps the view most generally held is that expressed by Wilhelm Liebknecht in the following brave and generous words:

"Even those who enjoy privileges and monopolies ought to be made to understand that we do not propose to adopt any sudden or violent measures against those whose position is now sanctioned by law, and that we are resolved, in the interests of a peaceful and harmonious evolution, to bring about the transition from legal injustice to legal justice with the greatest possible consideration for the individuals who are now privileged monopolists.

"We recognize that it would be unjust to hold those who have built up a privileged situation for themselves on the basis of bad legislation personally responsible for that bad legislation, and to punish them personally.

"We especially state that in our own opinion it is the duty of the State to give an indemnity to those whose interests will be injured by the necessary abolition of laws contrary to the common good, in so far as this indemnity is consistent with the interests of the nation as a whole."[1]

Compensation: Accepting the view that in the vast majority of cases, the transformation of capitalist property to social property will be peacefully accomplished, the expropriated owners being compensated, we are at once confronted with a new difficulty. If bonds are issued for the purchase of the properties as they are socialized, will not unearned incomes continue to exist? Will not all the heavy stockholders simply become rich bondholders?

To these questions an affirmative answer must be given. Temporarily, at least, these conditions would exist. Kautsky and some other Socialist writers in Europe and America

[1] Cf. Jaurès, *Studies in Socialism*, p. 89.

have frankly faced this difficulty. They suggest (1) that the bonds might be non-interest bearing; (2) that over and above the amount expended by the State in redeeming its bonds, there would be a surplus to be employed for the extension of socialization or any other purpose decided upon by the people; (3) that when a few of the important industries have been taken over the bondholders will find it difficult to invest their surplus incomes profitably; (4) that by means of a graduated income tax and an inheritance tax all such unearned incomes could be eliminated within a reasonable period, without inflicting injury upon any individual. Taxation is of course a form of confiscation, but we have long been accustomed to it, and it makes it possible for the process of confiscation to be stretched over such a long period of time as to make it easy and almost unnoticeable.

Other reforms: We have briefly sketched the main outlines of the reform program of present-day Socialism, dealing more particularly with those which are distinctive and characteristic of the movement, rather than with those reforms which are more commonly advocated by all liberal-minded citizens. Socialists everywhere stand for the conservation of natural resources; for international arbitration; for decentralization and a large measure of municipal autonomy; for the complete democratization of education, making all education from the kindergarten to the university free; for the freedom of the press, of assemblage and religious association; and all other reforms essential to the realization of political and industrial democracy.

SUMMARY

1. Socialists desire to make political democracy a reality by establishing universal suffrage, direct legislation and proportional representation, and by abolishing the upper houses of parliaments.

2. They demand the free administration of justice and the abolition of the powers of the courts which protect class privilege.

3. They demand State protection for the working class by abolishing child labor, restricting the working period and establishing State insurance

4. They desire the extension of public health legislation, and are generally interested in the promotion of temperance.

5. They wish to substitute direct for indirect taxation, and to bring about the collective ownership and operation of the principal means of production and exchange. They generally favor some form of compensation to the expropriated owners of industry.

QUESTIONS

1. Why do Socialists generally favor the initiative and referendum?

2. What are the advantages of proportional representation? Of the second ballot?

3. Why do Socialists wish to abolish the Senate?

4. How does the present judicial system uphold class rule?

5. What is the Socialist argument for State insurance?

6. Compare the positions of the various Socialist parties on the subject of alcoholism.

7. Why do Socialists oppose indirect taxation?

8. What are the possible methods of obtaining possession of industry?

9. What are the advantages of the method of compensation?

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CHAPTER XXV

SOME OBJECTIONS TO SOCIALISM CONSIDERED

The objections: A survey of the most important anti-Socialist literature of the past twenty-five years reveals the existence of a large body of criticism and objection. We may conveniently classify this body of criticism and objection into two main divisions, the first consisting of philosophical and technical criticisms of the theories of Socialism, and the second of objections and criticisms directed against the movement and program of Socialism. The former have been sufficiently considered in the text: we shall not further discuss them, therefore, but confine ourselves to the practical objections.

The most important of these objections to Socialism are: (1) that it aims at the abolition of all forms of private property; (2) that it is a vain attempt to make all men equal, which is impossible; (3) that it would reduce all to a dead level; (4) that it would unjustly reward equally the lazy and the industrious; (5) that it involves spoliation and confiscation; (6) that it would make the individual the slave of the State; (7) that it aims at the destruction of the monogamous family and its substitution by "Free Love"; (8) that it is based upon degrading selfishness and crass materialism; (9) that it is too altruistic, too noble an ideal for imperfect human beings to attain; (10) that it is an attempt to do by sudden revolution what can only be done by evolution; (11) that it is a "cut and dried scheme"; (12) that it is a negative criticism merely and has no plan; (13) that men cannot be made good by legislation; (14) that it has never been tried; (15) that it has been tried and failed; (16) that the vast increase in public ownership would lead to a corresponding increase in corruption and graft; (17) that it is identical with Anarchism; (18) that it would involve an immense amount of bureaucratic government;

(19) that it is opposed to all forms of religion; (20) that it would not provide an effective incentive to insure further progress; (21) that it would destroy art; (22) that it is against human nature.

Each of these objections is commonly found in anti-Socialist literature. It will be observed that some of them flatly contradict others. Some of them, therefore, must be invalid. Socialism may be condemned because it is based upon a low order of selfishness, but it cannot also be logically condemned because it is based upon an impossible altruism. It may be criticised because it submits no plan or scheme for the future organization of society, but it cannot be also condemned because it is a "cut and dried plan." Yet it is not at all uncommon for these contradictory objections to be made by the same persons.

Many of the objections already dealt with: The reader who has read the preceding chapters with a reasonable amount of care and attention will recognize the fact that a majority of the objections have been dealt with, either directly or by implication. In some instances, as, for example, the objection that Socialism aims at the abolition of the monogamic family, we have dealt with the matter specifically; in other instances, as, for example, the objection that Socialism aims to change society through a sudden revolution, the subject has been sufficiently covered by the discussion of the fundamental principle of Socialism as a theory of social evolution. With one or two exceptions, the entire list of objections has been dealt with to some extent, directly or indirectly, but a few of the objections deserve a more careful consideration. We shall confine the present discussion to these.

(1) **Graft and business:** The idea that graft is more general in publicly owned and managed enterprises than in ordinary commercial business is based upon a complete misconception. Graft in public business is more readily detected and more generally exposed than graft in ordinary commercial life. There are more voluntary detectives. The opponents of a man or political party in office are usually anxious to discover evidence of corrupt dealing to be used against the man or party in political campaigns. There is far greater publicity of graft in public business than

of graft in private business, and there is danger that we come to regard graft as practically synonymous with public business enterprise.

It is probable that there is far less graft in public business on an average than in private business, dollar for dollar. In other words, in public business to the value of a million dollars there will generally be found less graft and peculation than in private business of an equal amount. The fact is that ordinary business life is notoriously honeycombed with graft. The foreman in a factory grafts upon the wage-earners under him and takes weekly "gifts" from them. The superintendent of the factory takes bigger gifts from those to whom he gives the orders for machinery, raw materials and other supplies for the factory. The directors of the corporation owning the factory make contracts on behalf of the company from which they reap extraordinary advantages, or make sinecures for their relatives. The buyers for our great mercantile houses receive "presents" and "courtesies" and "commissions" to which the word graft may be fairly applied. The same may be said of the managers of the advertising departments of the railroad companies, department stores, and other large advertisers. Newspaper publishers and editors are bribed by large advertising contracts. In a word, there is hardly a branch of present-day business in which graft is not prevalent.

Let us admit that where a city owns its street railways there will be a lot of graft in the form of petty peculations, commissions on contracts for supplies, padding the payrolls by creating useless jobs in order to reward political services, and so on. When we have admitted so much, it remains to be said that all these things take place where the street railways are owned by capitalist corporations to an even larger extent. Again and again managers of public service corporations have admitted that they dared not refuse employment to men sent to them by political bosses.

Source of graft in public business: Graft in public business, apart from petty stealing, is almost invariably in the interest of some private business. It is the private business which flourishes through graft. Take the United States postal service as an example. In addition to paying for the transportation of mails a rate far in excess of the rate

charged to the express companies, the government pays an annual rent for each car which far exceeds the cost of the construction of the car, notwithstanding the fact that the average life of a mail car is more than ten years, and the further fact that no such rental is paid by the express companies. The graft in the postal system about which so much has been written is probably less than that which might be found in any industrial corporations doing an equal amount of business. Moreover, it has its roots in private business. The remedy lies, not in turning the postal system over to capitalistic enterprise, but in eliminating the private predatory interests. The railroad graft would be wiped out by applying the principle of collective ownership to the railroads. Graft might then find its most important centre in the business of supplying the railroads with coal, steel rails, engines, and other supplies. Again the remedy would lie in the further extension of public ownership and control to cover these things.

Political corruption: The source of political corruption is always private business and never public business. At the national capital and most of the State capitals "lobbies" are maintained to foster certain interests. What interests are they? Always the interests of capitalistic business, never of public business. No city treasury ever has to provide for a legislative corruption fund, as our railroad, express and insurance companies have always done. When legislators are bribed it is always by those who are seeking to make profit through the adoption of favorable legislation or through the defeat of unfavorable legislation. Mr. Lincoln Steffens tells of $50,000 being paid for the vote of a municipal councillor in St. Louis and of numerous other examples of corruption, all of which were due to the efforts of a few men to make enormous profits at the expense of the rest of the community. Bribes may be direct—that is the old, crude way—or they may be indirect and take the form of large fees or salaries for nominal services, or of friendly offers to "invest" a few hundred dollars with the assurance of many thousands of dollars profit, and so on.

Graft and corruption, then, arise from the capitalist exploitation of public necessities. "Socialism implies (*a*) widespread public interest and criticism, fatal to graft; (*b*)

the overthrow of that class interest which produces graft; (*c*) the end of that private business which flourishes parasitically through the medium of graft and the plunder of the public treasuries."[1]

(2) **Socialism and Anarchism:** The Socialist movement is the greatest organized opposing force to Anarchism in the world. It is not an accident that in those countries where Socialism is strongest Anarchism is weakest, and *vice versa.* Both Socialism and Anarchism proceed from a criticism of the existing social order, and there is much similarity in their arraignment. They equally condemn the capitalist system on account of the poverty and vice, the misery and degradation which result from it. But at this point the Anarchist and the Socialist part company, and assume utterly irreconcilable positions. Socialism, as the word implies, is based upon the fundamental idea of social interest and responsibility, Anarchism on the opposite idea of individual interest and responsibility. Socialism regards society as supreme, Anarchism regards the individual as supreme. The Anarchist regards society as merely an aggregation of individuals, the Socialist regards society as something more, just as a house is something more than an aggregation of bricks and mortar. The Anarchist believes that society cannot rightly do what the individual cannot rightly do, and that as no individual can rightly control another individual, society cannot rightly control the actions of any individual. The Socialist holds that this is not the doctrine of liberty, but of tyranny; that it places the will of a single individual above that of all other individuals.

While the Anarchist regards law as being essentially tyrannical, the Socialist believes that the widest liberty is often secured through the law. Many an Anarchist has enjoyed the privilege of free speech, for example, simply because he was under the protection of the law. From the point of view of the Anarchist who, after all, only carries the principle of *laissez faire* to its logical conclusion, our educational acts, factory acts, public health laws, and so on, are all tyrannical. From the point of view of the Socialist such manifestations of the collective will and law all widen

[1] Spargo, *The Socialists, Who They Are and What They Stand For,* p. 107.

the bounds of freedom, by repressing initiative upon low planes and forcing its development upon higher planes. The Anarchist contends that all laws are bad. The Socialist, on the other hand, holds that law is, *per se*, neither good nor bad. Laws which give the few power over the many are bad because they are anti-social. But laws which make for social well-being are good and desirable. The conflict between the two systems of thought, therefore, is fundamental and irreconcilable.

(3) **Socialism and bureaucracy:** When we say that Socialism regards the interest of society as supreme, we do not mean that it is less concerned than Anarchism for individual liberty. The Socialist ideal is not a huge bureaucracy, placing all human relations under the police powers of the State. On the contrary, the Socialist is just as solicitous for the freedom of the individual as any Anarchist. Of course, such a bureaucracy as many people fear might be developed, but it would not be a necessary result of the socialization of industry. Most modern Socialists believe that one of the results of Socialism would be the nullification of a vast body of laws and that the amount of control which the government of the Socialist State would have to exercise over the individual will be far less than we are now accustomed to.

It must be remembered that a vast amount of government is involved in the regulation of capitalistic property and enterprise in our present social system. Experience has shown that for the restraint of capitalistic enterprise a tremendous amount of legislative and administrative effort is required. No one knows just how many of our laws would become obsolete with the socialization of industry, but it can hardly be doubted that the body of such laws would be very large. As it is to-day every fresh abuse of capitalism calls forth a new installment of legislation restrictive of personal liberty, and frequently humiliating and irritating to a degree that is oppressive. Armies of prying officials are engaged in the attempt to enforce these laws. Legislators are busy grinding out new laws, judges keep busy interpreting them and trying to enforce them. Bureaucratic government is not a thing of the future. It is already an established fact. We are to-day living under bureaucratic government. Every

fresh attempt to "regulate" monopolies intensifies the bureaucratic character of our government. Modern capitalist industry could not be tolerated under any other form of government. The Socialist view is that the socialization of industry would inevitably do away with a large part of the laws and the machinery for their enforcement which make a bureaucracy of what was once a relatively simple democratic government.

(4) **Socialism and religion:** One of the objections which is most frequently urged against Socialism is its alleged antagonism to religion. It is obvious that the collective ownership of the means of production and exchange, which is the practical program of Socialism, is not incompatible with a belief in God, the immortality of the soul, the doctrine of the atonement or the doctrine of the immaculate conception. The objection must, therefore, be based upon some other ground than that of the practical program of the Socialist movement.

The Socialists themselves declare that Socialism is not antagonistic to religion. There is hardly a Socialist party in the world which has not adopted some statement to the effect that it does not in any manner concern itself with questions of religious belief or affiliation. In the Socialist movement of the United States there are orthodox Jews and Christians, Catholics and Protestants, Unitarians and Trinitarians, Methodists and Baptists, Christian Scientists and Atheists, Spiritualists and Agnostics. Men and women prominent in religious life hold positions of leadership in the party. In this respect the Socialist Party does not differ from any other political party. That many of the leaders of the Socialist movement have been free-thinkers is no more to be regarded as a proof that Socialism and religion are incompatible than the fact that prominent leaders in other parties have been free-thinkers.

The opposition to evolution: If we trace the idea that religion and Socialism are antagonistic back to its source we shall find that it rests upon the thought that the Marxian theory of social evolution is incompatible with a belief in a Supreme Being. In considering this fact we must consider also the fact that the same idea was long held concerning the theory of evolution itself. When Darwin and Wallace

announced their great theory it immediately became the storm centre of the intellectual strife of the modern world. Science and dogma entered upon a long and bitter battle. No more bitter attacks have been made upon Socialism in the name of religion than were made upon the Darwinian theory. The attacks made upon Professor Huxley and other leading Darwinians were not less bitter and unchristian than those now made upon Socialists. Gradually the new science made its way, and the conflict has now to a large extent subsided. A man is no longer refused church fellowship and communion because he declares his belief in evolution.

The conflict which was waged over the theory of evolution ranged practically all the vigorous intellects of the time upon one side or the other. Both sides believed that the new theory would prove fatal to religion. Both sides believed that dogma and religion were one and the same. Now, the modern scientific Socialist movement arose at this time, and, quite naturally, partook of the temper and spirit of that science with which it felt itself to be so closely allied. It was inevitable, therefore, that the Socialist leaders should declare themselves to be against that religion which they, equally with their religious opponents, believed to be opposed to true science. Thus, the association of atheism and Socialism may be fairly described as an outcome of the confluence of two of the main streams of nineteenth-century thought, social radicalism and natural science, against which the Christian Church pitted itself. As we recede from that period of discussion and conflict, and see the issues in a clearer light and a truer perspective, we realize that the Socialists in declaring that there is nothing in the Socialist philosophy or program which is antagonistic to religious faith, are taking the only logical position. To a man who still believes that the world was made in six days of twenty-four hours, and that the Great Creator specially devised all our social institutions, any philosophy of social progress which admits the failure of any institution or concedes the possibility of improvement through human agencies, must seem to be antagonistic to his religion. Happily, however, religion is generally free from that narrow bondage. One of the most remarkable phenomena attending the development of Social-

ism in recent years is the breaking down of the old misunderstanding which kept so many sincere and earnest men and women of religious faith and affiliation aloof from the Socialist movement.

(5) **The question of incentive:** The fear that Socialism would not provide an effective incentive to insure the steady progress of mankind is based upon two fundamental assumptions, namely: that a Socialist society will reward all men equally, irrespective of the quality of their service to society, and that men will not strive to do their best unless they are spurred on by the hope of some special reward. We have already seen that the first of these assumptions is unwarranted; that Socialism does not of necessity imply equal rewards for unequal services. There is nothing in the philosophy of Socialism which is incompatible with the offering of any kind of special reward for special social service.

But even if we conceive the contrary to be the case, that under Socialism every human being must receive exactly the same income, it does not follow that men will have no incentive to labor with zeal, to make inventions, to create great works of art, to serve the State with diligence. It is not true that greed is the only effective incentive to human action, that but for the desire for gain no great service to society would ever be performed, no inventions or discoveries made, no masterpieces of art created. Such a view of the motive forces of human conduct is contrary to all the evidence we have. In our present society the incentive of gain is stronger perhaps than at any time in history; success is measured in terms of money; everything is priced. The struggle for money is the most striking fact of life. Surely, under these conditions, if at all, the incentive of greed must prevail over all others. But such is not the case; there are many men and women at work whose incentive is not material gain.

Other incentives: First of all, there is the incentive of joy in work. Under capitalism, this, one of the most efficient incentives of human action, is greatly checked and weakened. The laborer is very generally divorced from that interest in his work which was the secret of the old craftsmanship. Nevertheless, there are many thousands of workers whose

greatest incentive is the joy of labor, to whom the old motto *Laborare est orare* has a vital meaning. Among teachers of all ranks love of their chosen profession forms a strong incentive and often keeps them from taking up more profitable work. In the medical profession, again, joy in successful work is perhaps the most powerful of all incentives. The doctor who is worthy of his profession will fight a subtle and dangerous disease in a laborer's cottage with the same energy, courage and skill as if he were in a mansion. The combat calls forth the irresistible human passion for conquest, for supremacy. Even if no other human being knew of it, the satisfaction of having won where many others fail would alone be a recompense. When there is a genuine freedom of choice of occupation, and economic conditions no longer force men into wrong places, to be "square pegs in round holes," and when the laborer is no longer oppressed by the sense that he is being exploited in order that others may live in idle luxury, this incentive will be greatly strengthened.

Closely allied to the satisfaction and joy in successful labor is the instinct and passion for creation, for discovery and for self-expression which we find in the inventor, the scientist and the artist. A great inventor like Edison could not refrain from inventing. To invent things is a passion which dominates life. An Edison would be happy with a modest income and freedom to experiment and invent, but miserable with the income of a billionaire if prohibited from inventing and experimenting. Few inventors have become rich as a result of their inventions, most of them have died poor. If the chance of gaining great wealth constituted the only incentive for invention there would be few inventions, for there are very few lines of human activity which offer less assurance of financial reward. But men cannot help inventing. Just as the chick must break the shell and set itself free, so must the creative impulse in man find expression. Lack of leisure, educational opportunities and experimental facilities—in short, the conditions of poverty and overwork —kill and stultify inventive genius. Wealth cannot make inventors, but poverty can kill them. What is true of the inventor is true also of the scientist, the philosopher, the artist and the poet. By making educational opportunities

and experimental facilities common and free to all, by insuring ample leisure to each individual, Socialism would liberate an amount of creative genius which would result in progress in every direction.

For material reward men have done much, but they have never done their best. All the greatest achievements of mankind have been consummated without hope of material reward. Has the greatest statesmanship of the world been inspired by greed? Has it not rather been inspired by such motives as love of country, devotion to an ideal and the desire for approbation and honor? Has the desire for money inspired most of the great artists and poets? Have they not rather done their best work when inspired simply by love of beauty, love of doing and love of the esteem of their fellow men? Have the Newtons, the Darwins and the Spencers of the world's history been inspired by greed? Have they not rather been inspired by a passion for knowledge and love of truth? When we ask ourselves these questions and others like them we are driven to the conclusion that, even to-day, greed is not the most powerful of human motives.

Incentive under Socialism: There is no material reward which capitalist society can offer an inventor which Socialist society could not offer if it were necessary to do so. Under Socialism, however, it would be possible for society to offer rewards infinitely more alluring than money. In all ages symbols of honor of trifling intrinsic value have been valued above riches. Thus the Greek athlete and the Greek poet struggled for the crown of olive leaves as they would not have struggled for riches. Thus, too, the British soldier values the little iron cross given "for valor" as a priceless possession. Such symbols are valued because they bring honor and esteem. The Socialist State could well create its own aristocracy of great achievement.

Collective invention: The great bed-rock inventions of humanity were invented under tribal communism. What inventions have been of greater value to the world than the boat, the sail, the rudder, the lever, the wheel? But no man knows by whom they were invented. Every invention is in reality the assembling of many other inventions, a collective product. The socialization and combination which has taken place in industry has been to a very large

extent applied to the organization of invention and scientific discovery. Our great manufacturing plants, such as the General Electric Works at Schenectady, have their own departments of invention, great laboratories in which salaried inventors are continuously employed. The invention of new industrial processes has become a business. A manufacturer of cotton goods, for example, finds that certain fabrics do not dye well. Formerly, under such conditions, he would either have had to discard the fabric or experiment with various dyeing substances until his difficulty was overcome. Nowadays he refers his problem to a firm of experimental chemists. The State, also, has gone into the business of organized experiment and invention. Year after year inventions and discoveries which save many millions of dollars to the American people are made by employees of the U. S. Department of Agriculture. If the invention is such as to warrant its being patented, a patent is taken out in the name of the inventor and then dedicated to the government. The inventor obtains no pecuniary reward other than promotion with a slight increase in salary, except from royalties upon the use of the invention in foreign countries. The invention of a safe and satisfactory stamping ink for marking inspected carcasses that have passed the Government meat inspectors is said to be worth nearly half a million dollars a year to the Government, but Mr. Dorsett, the inventor, got only a promotion with an advance in salary amounting to about $1,000 a year. Dr. Cushman's invention of a process of manufacturing steel wire which will not rust when exposed to the weather is another such invention of almost incalculable value. But the inventor, being already in receipt of the highest salary authorized by the law for a person working in his department, got no financial reward whatever. In like manner the Government employees of the Public Health and Marine Hospital Service are constantly making important discoveries concerning the nature, origin and methods of combatting disease. Medical research is being organized collectively in this manner as well as through great organizations like the Rockefeller Institute. Thus we have already the beginnings of a system of socialized invention, research and discovery, which the Socialist State may well develop.

(6) **Socialism and art:** Of all the objections to Socialism perhaps the least worthy of serious consideration is the objection that it will destroy art. It rests upon the assumption that the State is to dictate to every individual what he shall do; it will choose certain boys and girls and say: "These are to be the sculptors and painters and composers of to-morrow." In other words, the source of the objection is a deep-rooted belief that Socialism must crush out all individuality, all forms of individual initiative and expression. As we have seen, this concept is entirely unwarranted.

It was not without abundant warrant that the great English poet and artist, William Morris, regarded Socialism as the only hope for the future development of art. In the first place, an environment more unfavorable to the production of great and worthy art than modern capitalism creates it would be difficult to imagine. Where the great mass of the workers must labor without joy or interest in their work, and be for the most part mere servitors of machines, there can be no great art, except in individual cases which but serve to reflect the lack of art in life generally. What is most truly wonderful and inspiring about Greek sculpture, for example, is not the dazzling heights attained by a few great sculptors, as, for example, by Phidias, but the wonderful level attained by the ordinary workmen, as reflected, for instance, in the wonderful funeral reliefs in the National Museum at Athens. Art must have been an essential part of the lives of those workmen, otherwise the work of their hands would not have been so wonderful. In like manner, what impresses one about the marvellous medieval cathedrals and churches is the evidence upon every hand that in those days art was not something apart from life, to be enjoyed by a few, but a part of the life of every artisan.

Surely, the Socialist is justified in claiming that, just as art cannot flourish under commercialism, it must flourish when the means of the common life have been brought under common control, when none are overworked to maintain others in idleness, when there is leisure for all and freedom from want and the fear of want. It is worthy of note that the Golden Age of Greek art was that period when the slave-based communism of Athens was most highly developed. During the period of one hundred and fifty-two

years, 490 B.C. to 338 B.C., the dramas of Æschylus, Sophocles and Euripides and the sculptures of Phidias and Praxiteles were produced, and the Parthenon itself was designed by Ictinus and Callicrates. These developments were possible only because Athens was rich and her citizens were free from economic care and had leisure to gratify their constantly increasing passion for beauty. Not until the great poverty problem has been solved, and the opportunities of life are socialized will art really flourish again. It is not without its significance that on the one hand the great modern artists are nearly all in sympathy with the Socialist movement, and that, on the other hand, they have been best understood by the people. When the critics mocked Millet, the radical workingmen understood; when Meunier portrayed the human struggle, it was the radical section of the working class that understood. No one who knows the life of the working people and their aspirations can doubt that the conditions under which they live and labor are responsible for the repression of an infinite amount of beauty which they would otherwise express.

(7) **As to human nature:** Those who urge against Socialism that human nature must be changed before its ideals can be realized have usually a low idea of human nature. They seem, moreover, to regard human nature as something very definite, certain qualities and instincts in every human being, unchanging from age to age. The fallacy is very obvious. In a Fifth Avenue club men are polite and courteous. That is human nature. Outside of the gates of a great factory in times of industrial depression, men will fight over jobs as so many hungry dogs would fight over a bone. Under such conditions, men seem to become brutes, but that, too, is only human nature.

So far as we can speak of human nature at all, it consists of obedience to the fundamental instinct of self-preservation, and adaptation to environment. The superstitious fear of the African savage in the presence of a great calamity, and the scientific work of the enlightened man who sets about the task of remedying the evil wrought, both alike illustrate human nature in different stages of development.

It is to that fundamental instinct of self-preservation that Socialism makes its appeal. It is perhaps the deepest and

profoundest instinct in humanity to which the Socialist appeals. The secret of all human progress lies in the fact that men are forever striving to eliminate suffering and want. Goaded by a desire to obtain more of good in return for less labor and pain and sacrifice, mankind has progressed thus far. It is to that desire in the vast majority that Socialism makes its appeal. So far from admitting that Socialism depends upon change in human nature, the Socialist contends that Socialism must come unless the fundamental human instincts and passions which we call human nature are changed.

SUMMARY

1. Private business is honeycombed with graft, and the principal sources of graft in public business come from its relations with private business. Socialists contend that public ownership would remove the chief source of graft.

2. Socialism and anarchism are fundamentally opposed to each other in both theory and tactics.

3. Socialists do not wish a huge bureaucracy. On the contrary, they wish to abolish the bureaucracy of capitalist society.

4. Socialism is not incompatible with religion and does not concern itself in any way with religious belief.

5. Socialism would not do away with any socially desirable incentive, but it would add to the strength of the highest incentives which inspire mankind.

6. Socialism appeals to the most fundamental instincts of human nature, and Socialists contend that Socialism must win unless human nature is changed.

QUESTIONS

1. Give the Socialist answers to objections 1–15 inclusive by reference to the preceding chapters.

2. In what forms does graft exist in private business?

3. Upon what grounds do Socialists base their belief that Socialism will be relatively free from graft?

4. Contrast the principles of Anarchism with those of Socialism.

5. What is the attitude of Socialists towards bureaucracy?

6. What is the source of the idea that religion and Socialism are antagonistic?

7. What are the chief incentives to human activity?

8. What is the effect of commercialism upon art?

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